**German elections**
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TOMORROW'S **Weekend FT**
The Future of Auschwitz


# FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY FEBRUARY 4 1994 — D8523A


## Pratt & Whitney wins $400m order from JAL

Pratt & Whitney of the US clinched a $400m engine order to power Japan Airlines' fleet of new Boeing 777 wide-bodied aircraft against fierce competition from US rival General Electric and from Rolls-Royce of the UK. P&W, a subsidiary of the United Technologies conglomerate, said the competition for the JAL order had been "a nail-biter", although the US company had been the favourite to win. Page 16

**Brussels backs off:** The European Commission is watering down its proposal for mandatory elected works councils in pan-European companies, in an effort to garner business support. Page 16

**Striking fishermen ransack Paris market:**

Hundreds of striking Breton fishermen ransacked Paris's Rungis wholesale fish market, injuring 18 policemen and ruining about 60 tonnes of fish. They were driving home demands for government protection from cheap imports. Wielding sticks and firing flares, they burst through a police cordon, smashed crates of fish and overturned several police cars. In the northern France, protesters blockaded Calais harbour with trawlers, disrupting ferry services to Britain. Page 26

**Ukraine votes on arms:** Ukraine's parliament agreed to remove all conditions to ratification of the Start-1 arms agreement but refused to vote on whether to join the Non-Proliferation Treaty as a non-nuclear state. Page 3

**Paribas recovery continues:** The big French banking group boosted estimated net profits by 58 per cent to FFr1.4bn ($230m). Chairman André Lévy-Lang, forecast another profit increase this year. Page 17

**Interims up at News Corp:** News Corporation, Rupert Murdoch's media, film and publishing group, improved interim profits by 27.5 per cent to A$624.9m ($450m) after tax but before abnormal items. The figures were helped by higher earnings from Ansett Airlines and the BSkyB satellite broadcaster. Page 17

**Court rules on border:** The International Court of Justice in The Hague ruled in Chad's favour in a 20-year border dispute with Libya which has caused two wars. Libya had claimed a big area thought to contain oil and uranium.

**War crimes trials ruled out:** A Lithuanian branded a mass murderer by a judge is to escape prosecution after officials said that there was insufficient evidence to bring to trial any alleged war criminals now living in Scotland. The most prominent was Anthony Gecas, 78, a naturalised Briton of Lithuanian extraction.

**Kidnapper captured:** Russian security forces at Rostov-on-Don airport disarmed and captured a man who seized three adults and two children at a kindergarden and demanded to fly abroad. The hostages were seized early in the day from a town over the border in Ukraine.

**Bid to halt musical launch:** The UK attorney-general is to seek an injunction to halt the opening of *Maxwell: The Musical*, the London show chronicling the life and times of Robert Maxwell. He fears that the musical might prejudice the criminal trial of the late publisher's sons, Kevin and Ian. Page 6

**CS First Boston,** the London-based investment bank, and Cazenove, the London stockbroker are announcing a $200m investment fund for buying shares in the Czech Republic, Poland and Hungary. Page 16

**New move on Ulster:** The protestant Ulster Unionist party plans to publish its proposals for a new political settlement in Northern Ireland. Meanwhile UK prime minister John Major stressed his determination to press on with talks – a move designed to regain the initiative from Sinn Féin after this week's US visit by Gerry Adams. Page 6

**Profitable partnerships:** London accountancy firm George & Co has launched a dating agency for accountants because others tend to write them off as boring. Page 6

**STOCK MARKET INDICES**

| | | |
|---|---|---|
| FT-SE 100: | 3,491.5 | (-28.8) |
| Yield | 3.37 | |
| FT-SE Eurotrack 100 | 1,527.17 | (-12.96) |
| FT-SE-A All-Share | 1,754.48 | (-0.5%) |
| Nikkei | 20,174.82 | (-75.21) |
| New York: lunchtime | | |
| Dow Jones Ind Ave | 3,955.28 | (-20.26) |
| S&P Composite | 479.22 | (-2.78) |

**US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds: | 3¼% |
| 3-mo Treas Bills: Yld | 3.188% |
| Long Bond | 98½ |
| Yield | 6.325% |

**LONDON MONEY**

| | | |
|---|---|---|
| 3-mo Interbank | 5½% | (5⅜%) |
| Liffe long gilt future: | Mar 117¾ | (Mar 118⅞) |

**NORTH SEA OIL (Argus)**

| | | |
|---|---|---|
| Brent 15-day (Mar) | $14.855 | (14.69) |

**Gold**

| | | |
|---|---|---|
| New York Comex (Feb) | $387.3 | (384.7) |
| London | $386.5 | (384.6) |

**STERLING**

| | | |
|---|---|---|
| New York lunchtime: | | |
| $ | 1.4865 | |
| London: | | |
| $ | 1.498 | (1.495) |
| DM | 2.5937 | (2.5928) |
| FFr | 8.8038 | (8.8026) |
| SFr | 2.1661 | (2.173) |
| Y | 161.852 | (161.535) |
| £ Index | 81.9 | (82.0) |

**DOLLAR**

| | | |
|---|---|---|
| New York lunchtime: | | |
| DM | 1.742 | |
| FFr | 5.9095 | |
| SFr | 1.452 | |
| Y | 108.35 | |
| London: | | |
| DM | 1.7314 | (1.7343) |
| FFr | 5.877 | (5.888) |
| SFr | 1.446 | (1.4535) |
| Y | 108.045 | (108.05) |
| $ Index | 66.7 | (66.8) |

Tokyo close Y 108.28

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Austria | Sch32 | Greece | Dr350 | Lux | LFr65 | Qatar | QR13.00 |
| Bahrain | Din1.250 | Hong Kong | HK$18 | Malta | Lm0.60 | S.Arabia | SR11 |
| Belgium | BFr65 | Hungary | Ft185 | Morocco | MDh15 | Singapore | S$4.30 |
| Bulgaria | Lv25.00 | Iceland | IKr215 | Neth | Fl 4.00 | Slovak Rp | KSL50 |
| Cyprus | C£1.10 | India | Rs60 | Nigeria | Naira50 | South Africa | R12.00 |
| Czech Rp | CZK50 | Israel | Shk8.30 | Norway | NKr17.00 | Spain | Pta225 |
| Denmark | DKr16 | Italy | L3000 | Oman | OR1.50 | Sweden | SKr16 |
| Egypt | E£5.00 | Japan | Y500 | Pakistan | Rs40 | Switz | SFr3.30 |
| Finland | FM14 | Jordan | JD1.50 | Philippines | Peso50 | Syria | S£50.00 |
| France | FFr13.00 | Kuwait | Fils625 | Poland | Zl 32,000 | Tunisia | Din1.500 |
| Germany | DM3.50 | Lebanon | US$1.50 | Portugal | Esc225 | Turkey | L13000 |
| | | | | | | UAE | Dh12.00 |

# Surge in German M3 damps hopes of rate cuts

By David Waller in Frankfurt

German money supply rose at an unexpectedly high rate in December as large inflows of cash from outside the country were accompanied by a surge in domestic lending, the Bundesbank said yesterday.

The announcement jolted the bond market and reduced hopes that the German central bank would soon move to reduce the discount and Lombard rates. They have stood at 5.75 and 6.75 per cent since last October. Financial markets were prepared for a high figure but the 8.1 per cent increase in M3 was much greater than expected. M3 measures broad money on which the Bundesbank relies on for its estimates of inflationary developments. The figure was considerably higher than the 7.2 per cent growth in November and well above the 4.5-6.5 per cent growth target for last year.

The figures mean M3 growth, on an annualised, seasonally adjusted basis, has exceeded the target range for three years in a row. There was disappointment that the Bundesbank did not cut interest rates after yesterday's meeting of its policymaking council and there was a strong sell-off in the bond market. Yields on five-year government bonds climbed by 6 basis points to 5.17 per cent.

Mr Peter Lang, economist at Bayerische Vereinsbank in Munich, said the M3 growth would "reinforce the Bundesbank's caution in bringing down interest rates", but another economist, playing down the figures, said: "What the Bundesbank really looks at is inflation and that is coming down sharply."

The Bundesbank said the exceptional factors which had led to the sharp rise in December had already been partly reversed in January. It blamed what it called the extraordinarily high increase in M3 on two chief factors – a surge in domestic bank lending and the influx of DM59.2bn ($34.2bn) into the German banking system in December.

The capital influx exceeded that of September 1992, when DM42.7bn flowed into Germany amid currency market turmoil. The Bundesbank said this movement was attributable to tax changes which made it attractive for individuals to repatriate investments in Luxembourg to Germany, coupled with the impact of the repatriation of corporate deposits from the Euromarket.

Domestic lending rose 10.3 per cent, due mainly to a surge in mortgage borrowing. The Bundesbank said this was due to the fact that tax relief on mortgages became less favourable at the year-end and there had been a rush to


Continued on Page 16
Lex, Page 16


## Walk-out threat by coalition partner may delay $134bn economic stimulus package

# Hosokawa forced to rethink on growth plan

By William Dawkins in Tokyo

Japan's prime minister, Mr Morihiro Hosokawa, was yesterday forced to rethink sweeping plans for tax reform and delay a Y15,100bn ($134bn) economic stimulus package.

Mr Hosokawa was last night struggling to hold together his seven-party coalition together after its largest member, the Social Democratic party, threatened to walk out in protest at his plans to raise sales tax.

Early yesterday a triumphant Mr Hosokawa unveiled proposals for an income tax cut worth Y18,000bn over the next three years, to be funded by a 7 per cent "people's welfare tax" to replace the present 3 per cent sales tax in 1997.

The socialist SDP, elected on a promise not to raise sales tax, protested that it had not been properly consulted. Disquiet unexpectedly spread to other coalition members, including one of Mr Hosokawa's closest allies, Mr Masayoshi Takemura, chief cabinet secretary, who also threatened to resign if the SDP were not offered a satisfactory compromise.

Mr Hosokawa was last night meeting his coalition partners to try to find a compromise. The SDP asked for the 7 per cent rate to be suspended – although it does not take effect for three years – while a consultative body debated a new rate. It also wants a promise to spend all the extra revenue on welfare, initially rejected by Mr Hosokawa.


Hosokawa plan ............... Page 4
Editorial Comment ........ Page 15


Political analysts believed a compromise would be found, but warned that the political turmoil might hamper Mr Hosokawa's hopes of persuading the US of his government's determination to stimulate economic demand.

Details of the Y15,100bn package were released after a meeting between Mr Hosokawa and Mr Yohei Kono, president of the opposition Liberal Democratic party, which has started to co-operate with the coalition since last week's compromise on political reform.

However, it cannot be adopted by cabinet and forwarded to parliament until the row over tax has been settled.

The package, slightly larger than expected, includes Y6,000bn of annual tax cuts, most of which affect income and residence tax. There is another Y9,100bn of government spending and loans, which includes Y2,900bn of public works and Y2,800bn of land purchases.

The tax cuts are worth 1.2 per cent of gross national product, which would be roughly rebalanced by the proposed sales tax rise, said Mr Tom Hill, strategist at S.G. Warburg Securities in Tokyo. He believed the reduction would be just sufficient to provoke a rise in consumption, although the equation was finely balanced.

Associated Press

Sadao Yamahana, one of six Social Democratic cabinet ministers, is surrounded by reporters as he arrives for talks with Mr Hosokawa

# Audi chief to be forced to quit

By Christopher Parkes in Frankfurt

The chairman of Volkswagen's up-market Audi subsidiary, Mr Franz-Josef Kortüm, is expected to be forced to resign today after only 13 months in the job.

The 43-year-old marketing specialist has clashed on several occasions with his predecessor, Mr Ferdinand Piëch, the controversial VW group chairman.

His place is expected to be filled by Mr Herbert Demel, development chief, who will act as "spokesman" for the Audi board, but not as chairman. This is likely to lead to more direct control by Mr Piëch.

Mr Kortüm's removal may also lead to further turmoil in the VW group, already racked by unexpected losses last year of DM2.3bn ($1.3bn), and striving to reach break-even in 1994.

Meanwhile suspicions of theft and industrial espionage in the wake of the appointment of General Motors' former global purchasing chief, Mr José Ignacio López de Arriortúa, who joined last March, remain.

Mr Kortüm's first set-to with Mr Piëch occurred before his appointment, when he rejected the "spokesman" role and insisted on taking full control.

The conflict now leading to his downfall has focused on the autocratic group chairman's demands that Audi, which made a pre-tax loss of more than DM200m in 1993, must be turned round this year.

Mr Kortüm has frequently appeared unwilling to bend to his chief, who has swept away swathes of the old VW management within his first year.

The most recent departure was that of Mr Juan Antonio Díaz Alvarez, chairman of the Spanish subsidiary, Seat, who was sacked last September.

Mr Piëch last month accused Mr Díaz of deception over Seat's DM1.4bn losses in 1993, and warned of possible "penal consequences".

Others to go included Mr Daniel Goedevert, the respected VW group deputy chairman, replaced by Mr López.

The group purchasing chief was replaced by Mr José Manuel Gutierrez, formerly Mr López's closest associate at GM.


Continued on Page 16
More boardroom upheaval at VW, Page 18


# Top Italian intelligence official to face charges of Mafia links

By Robert Graham in Rome

The Palermo public prosecutor has asked for Mr Bruno Contrada, the former number three in Italy's domestic intelligence service, to be sent for trial on charges of having links with the Mafia.

Mr Contrada, in charge of all intelligence matters relating to the Mafia, was arrested on December 24 1992. Since then the Palermo authorities have turned down all requests for him to be released on bail.

Mr Contrada is the most senior public official to be arrested on charges of working with Cosa Nostra, the umbrella organisation of the Sicilian Mafia. His arrest was a direct result of information provided by four of the top former members of Cosa Nostra who agreed to co-operate with the authorities – so-called *pentiti*.

Palermo magistrates regard a successful prosecution of the Contrada case as central to the credibility of the *pentiti*. The latter have become a key instrument in the Italian state's fight against organised crime and almost 500 are now giving evidence under witness protection programmes. Their evidence has played an important part in the move by Palermo magistrates to incriminate former premier Mr Giulio Andreotti over alleged links with the Mafia.

Mr Contrada is alleged to have passed on sensitive information to Cosa Nostra. In particular, he is said to have aided Mr Toto Riina, the boss of Cosa Nostra, captured in January 1993, to avoid arrest. Throughout his detention Mr Contrada has protested his innocence.

The request to send him for trial came a day after Palermo magistrates issued 76 arrest warrants in an operation aimed at breaking up the links between Cosa Nostra and their civilian support networks. The arrests, based on information supplied by *pentiti*, included doctors, lawyers and bank employees.

In neighbouring Calabria, the first of a 1,350 military contingent arrived yesterday to boost the security forces in their fight against the local mafia, the 'ndrangheta. On Monday two officers in the Carabinieri para-military police were seriously injured in Reggio Calabria in what the authorities claim was an assassination attempt by 'ndrangheta gunmen.

The weapon used was identified as the same employed against two Carabinieri who were killed two weeks ago near Reggio Calabria.

These attacks are seen as a violent reply by the 'ndrangheta to increasing police successes against organised crime in the region. But the timing appears linked to the approaching campaign for general elections.


Bossi's League ponders alliance with Berlusconi, Page 2


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هكذا من الاصل

**NEWS: EUROPE**

# Rexrodt hammered by the steelmakers

By Ariane Genillard in Bonn

The German steel federation yesterday set tough conditions for its backing of a European steel restructuring plan in a meeting with Mr Günter Rexrodt, the economics minister.

The conditions included guarantees that steelmakers receiving subsidies to cut capacity would not be able to increase their shares in the European steel market and that the agreement would be properly monitored.

"We remain ready to contribute to the European steel restructuring plan. But politicians must ensure these decisive conditions," the federation said in a statement after the meeting.

The federation also insisted that the European steel restructuring scheme "had not failed yet", but added that the plan "remained in danger of failing".

It appeared eager to tone down pessimistic statements voiced across the industry, saying that the European steel restructuring plan was doomed because private steelmakers were not willing to offer significant capacity cuts. The European Union plan aims to cut 30m tonnes of crude steel in the European market.

However, sources in the German steel industry yesterday said that these conditions were unlikely to be met and that the federation was indulging in "wishful thinking".

Officials at Thyssen Stahl, Germany's largest steel producer, yesterday reiterated that they would not offer any capacity cuts in flat steel products. "We will never give up flat products capacity," a senior official at the company said.

Industry sources said no common position had been reached between the big unsubsidised German producers, which include Krupp-Hoesch and Preussag.

"We still need to talk to one another and it is too early to say what will come out of these talks," a leading steel manufacturer said.

Private steelmakers say that they have already implemented large capacity cuts.

They say capacity cuts in public sector manufacturers do not go far enough and are allowing subsidised companies to win market shares at the expense of the private sector.

# Parliament maps out a cheaper route to Berlin

Plans for rebuilding Berlin as the capital of a united Germany have been sharply curtailed by the parliament's budget committee, Reuter reports from Bonn.

The budget committee of parliament agreed on Wednesday evening that all ministries should be housed in existing buildings, either former East German ministries or military headquarters left behind by departing Allied forces.

Only the new chancellery and government press office due to be constructed near the old Reichstag parliament building were not mentioned in the resolution, implying they would be built, committee members said.

Parliament voted in 1991 to move the government from Bonn to Berlin and has since been mired in debate over how and when to do it. The current target date for the move is the year 2000. Chancellor Helmut Kohl's centre-right coalition, trying to reduce spending, has said the move should not cost more than DM20bn ($11.4bn).

After unification in 1990 many Bonn cabinet ministers made quick "house-hunting" trips to Berlin, after which they declared they needed new ministry buildings because the old East German offices were hopelessly outdated.

The Foreign Ministry firmly opposed moving into East Germany's foreign ministry, an ugly 1970s high-rise building that mars the otherwise classical centre of old Berlin.

Several ministries balked at the idea of taking over the squat building that once housed the Third Reich's central bank and became the Communist party headquarters after the war.

But the committee, whose recommendations must still be debated in parliament, said Berlin had so many large buildings – some dating back to its time as the capital of Prussia – that the present government could certainly find enough space.

The British, French and US forces that once defended West Berlin will leave the city by the end of this year, freeing a large number of barracks, office buildings and commandants' villas for government use.

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**Union membership in Germany fell again last year, with members grouped under the German federation of unions down by 6.3 per cent, to 10.3m, Reuter reports from Düsseldorf.**

**The metal and engineering workers union, IG Metall, suffered the largest fall in absolute terms, with 247,845 or 7.3 per cent fewer members in 1993. In percentage terms the gardening, agriculture and forestry union was worst hit with membership down 13.9 per cent.**

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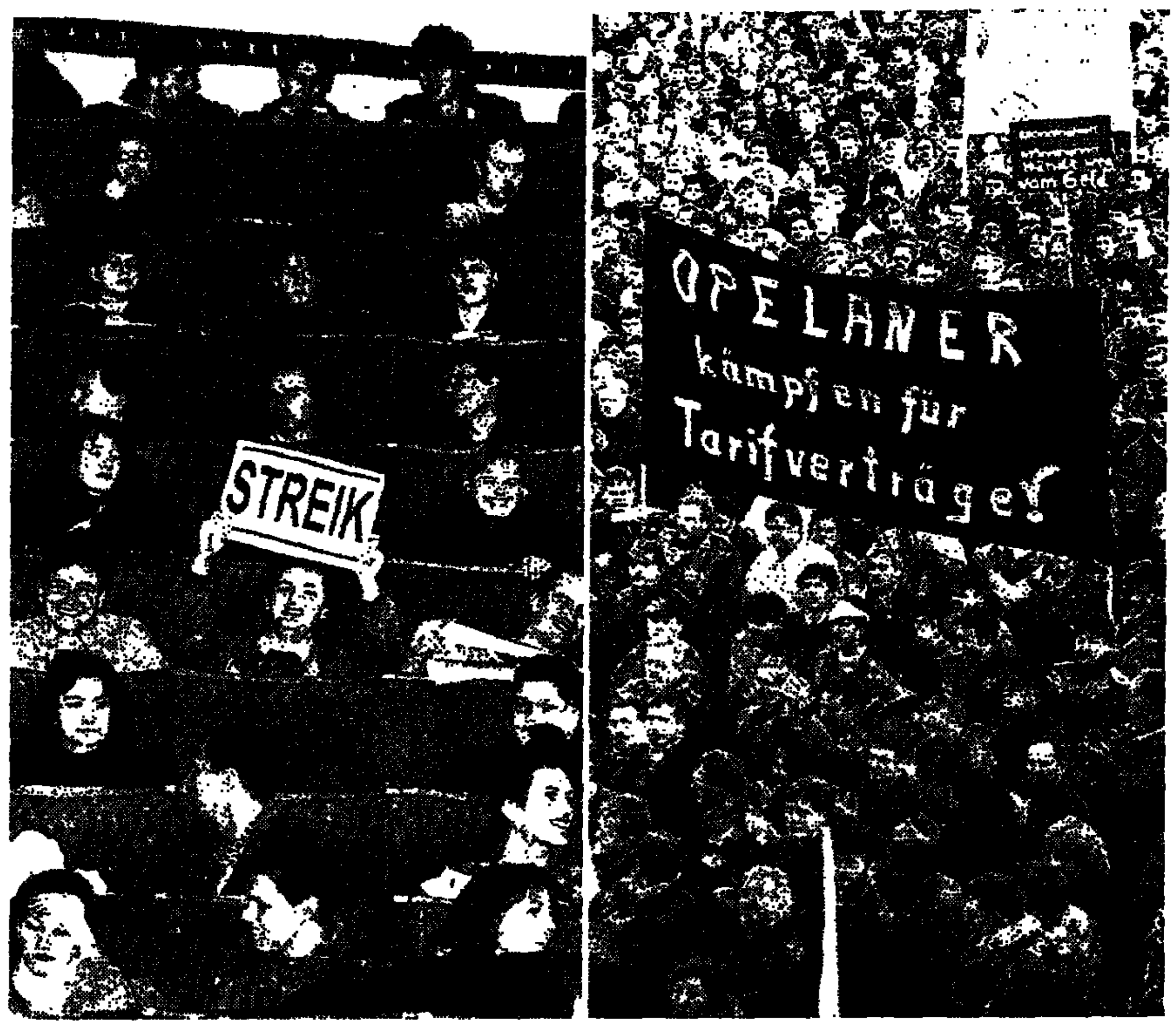
# Germans down books and tools




AP/Reuter

German students protesting at Magdeburg university and Opel workers marching during a work stoppage in Bochum yesterday

# Students and IG Metall protest

By Quentin Peel in Bonn

Token strikes by tens of thousands of German engineering workers spread across northern Germany yesterday, in a fourth day of protests in support of their pay claim.

At the same time, thousands of students continued protest actions against the government's decision to impose a freeze on their grants until 1996, instead of increasing them annually by the inflation rate, and to introduce limits on the length of time they can receive public finance for their studies. The action by the engineering workers, members of the IG Metall trade union, was centred on the industrial heartland of North Rhine-Westphalia and north Germany.

Among the enterprises which suffered work stoppages were the Ford and Opel car plants in Cologne and Bochum.

Both union leaders and the employers expect negotiations on the union's 5.5 per cent pay claim to begin again next week, although the employers remain adamant that real cost cuts must be achieved in the current pay round.

The students yesterday won support from the opposition Social Democratic party (SPD) in Bonn, which promised to introduce a proposal in the Bundesrat, the upper house of parliament, for grants to be increased after all.

● Mr Rainer Ortleb, the federal minister of education, resigned his post yesterday on the grounds of ill-health.

An east German from the state of Mecklenburg-Vorpommern, and member of the minority Free Democratic Party in the ruling coalition, he had been ill since last November.

# EU to pressure US on Bosnia

By Robert Mauthner, Diplomatic Editor

Members of the European Union are expected to urge the US to take a more active part in the Bosnian peace process when the foreign ministers of the Twelve meet in Brussels next Monday.

The French and the British have already done so during direct talks between their foreign ministers, Mr Alain Juppé and Mr Douglas Hurd, over the past week. Yesterday, their Dutch colleague, Mr Pieter Kooijmans, also said he had written a letter in the same vein to Mr Warren Christopher, US secretary of state.

Mr Kooijmans said on Dutch television that he had told Mr Christopher: "Play a more active role in the peace talks in view of the terrible alternative – a war which will demand more victims."

Mr Hurd, who gave a very similar message to Mr Christopher during his talks in Washington last Tuesday, did not, however, go as far as the French, who irritated the Americans by calling upon them to put pressure on the Moslems to accept the present peace plan dividing Bosnia into three ethnic states.

In the knowledge that such a demand would be flatly rejected by the US administration, Mr Hurd merely made clear that Britain wanted the US to be "up front" in the peace process, since that would hasten the day when a settlement was reached, according to officials in London.

However, Mr Christopher apparently declined to spell out the conditions under which the US was prepared to take a more active role.

The continued presence of United Nations peacekeeping troops in Bosnia now appears to be assured, following consultations between the main contributing countries such as Britain, France, Canada, Spain and Russia.

All the troop contributors agree that a decision should be taken jointly by them, before the end of March, on the basis of reports by the UN, its special representative in former Yugoslavia and its new military commanders on the spot.

Mr Hurd is understood to consider it most unlikely that there will be a simple decision to withdraw, since the war would then become even more savage than it already is and the effect on the very people the UN was trying to help would be catastrophic.

Meanwhile, the new "hard-line, hard-nosed" policy of the recently appointed UN military commander in Bosnia, Britain's General Sir Michael Rose, has achieved its first positive results.

Bosnian Serb militia backed down after UN troops threatened yesterday to send in armoured vehicles to clear a blocked checkpoint 15 miles west of Sarajevo.

## NEWS IN BRIEF

### Malta urges early talks on EU entry

Malta yesterday called for an "immediate" start of accession negotiations to join the European Union, arguing that it would shortly overcome the final economic obstacles to entry, Lionel Barber reports from Brussels.

Dr Eddie Fenech Adami, the Maltese prime minister, said in Brussels that his government would "in a matter of weeks" meet the European Commission's requirements for regulatory reforms in financial services, competition and consumer protection.

The Maltese declaration puts the European Commission and the 12 EU member states on the spot. Though sympathetic towards Malta's application, sentiment has leaned toward a delay until the end of enlargement negotiations with Finland, Austria, Sweden and Norway. But Dr Fenech Adami said Malta intended to ensure the Commission stuck to the conditions set down on its generally favourable opinion on EU membership issued last year.

### Polish parties meet on crisis

Poland's two-party coalition was due to meet last night to try to resolve its most serious crisis since taking power last autumn, writes Christopher Bobinski from Warsaw. Mr Waldemar Pawlak, the prime minister, last week dismissed Mr Stefan Kawalec, a deputy minister, against the wishes of Mr Marek Borowski, the finance minister and deputy premier responsible for the economy, prompting a dispute over control of the Finance Ministry. The finance and privatisation ministries were allocated to the Left Democratic Alliance (SLD) while Mr Pawlak, the Peasant party (PSL) leader, got the post of premier. Mr Borowski has now indicated he may resign.

Lionel Barber adds from Brussels: Mr Pawlak yesterday called for a "partnership for development" between the EU and the former communist countries of eastern Europe. During talks in Brussels, Mr Pawlak proposed strengthening economic and political links to prepare Poland for full EU membership.

### Aérospatiale funding inquiry

The European Commission yesterday said it would carry out a inquiry into whether the French government's capital injection of FFr2bn ($330m) into Aérospatiale would distort competition and therefore constitute illegal state aid, David Buchan writes from Paris.

Aérospatiale said it needed the addition to its current capital which is FFr6bn, or less than half its FFr15bn debt. But it was confident that the capital increase would win Brussels' approval, given that the company had last year considerably retrenched on its FFr2.38bn loss of 1992 and hoped to move into profit by 1995. The Commission takes such prospects for eventual profitability into account when vetting state aid, a Brussels spokesman said.

### Czech nuclear fears revived

A fire at a Czech nuclear power plant at Dukovany yesterday revived a row between Prague and Vienna over the safety of Czech nuclear installations, writes Patrick Blum in Vienna.

According to a security official at the plant, the fire was caused by a fault in a transformer and lasted for about two hours, but there was no radioactive leakage. Later Mr Vaclav Klaus, the Czech prime minister, said the fire did not affect nuclear safety at the plant, but Czech environmentalists charged that the fire had been serious enough to cause radioactive leakage.

Austria has urged the Czech government not to complete another power plant at Temelin, some 60km north of the Austrian border.

Austria is trying to persuade the US Congress not to grant a planned $320m credit to finance Temelin's completion by Westinghouse.

### Athens demands court papers

Greece's socialist government has called for the country's Supreme Court to surrender its files on an investigation into allegations of corruption during the sale of a state cement company to an Italian concern, Reuter reports from Athens.

# Finland split on choice of president

By Hugh Carnegy in Stockholm

The two candidates in Sunday's run-off election for the Finnish presidency – Mrs Elizabeth Rehn and Mr Martti Ahtisaari – are running neck-and-neck, according to an opinion poll published yesterday.

A Gallup poll in the newspaper Helsingin Sanomat gave Mr Ahtisaari, a senior United Nations diplomat running for the opposition Social Democratic party, a slight edge for the first time since he won the first round of voting last month.

The poll gave him 51 per cent against 49 per cent for Mrs Rehn, the right-of-centre defence minister.

But the poll result was well within the 3 per cent margin for error and was weighted against the small Swedish-speaking minority to which Mrs Rehn belongs and which overwhelmingly supports her.

A television poll on Wednesday also showed Mrs Rehn just ahead by 50.5 per cent to 49.5 per cent. Nevertheless, the polls appeared to confirm a trend of resurgent support for Mr Ahtisaari, who quickly fell behind in the polls after the first round of voting.

Both candidates are strong supporters of Finland's application to join the European Union and have pledged to safeguard neutral Finland's security – related issues given added potency recently by the rise of nationalist forces in neighbouring Russia. But Mr Ahtisaari has criticised the government's economic policies, calling for more state action to combat unemployment, affecting 20 per cent of the workforce.

His approach seems to have chipped away at the support for Mrs Rehn, whose candidacy has been the big surprise of the election campaign.

As recently as December she was written off as a marginal outsider, largely because she represents the Swedish-speaking minority which accounts for only 6 per cent of the population.

But many voters seeking a new style of leadership after three years of deep recession responded to her appeal as a plain-speaking woman with no obligations to the main political parties.

## Italy's Northern League to debate its electoral stance

# Bossi ponders Berlusconi link

By Robert Graham in Rome

The populist Northern League today begins a three-day congress in Bologna to agree the party's position ahead of Italy's March 27 general elections.

The central issue confronting Mr Umberto Bossi, the League leader, is whether to accept an electoral alliance with Mr Silvio Berlusconi, the media magnate who entered the political arena last month with his Forza Italia (Come On Italy) movement.

Mr Berlusconi has made no secret of his desire to forge a "Liberal Democrat" electoral alliance with the League. The League's strong presence in northern Italy, alongside the huge media resources of Mr Berlusconi, is a potentially attractive combination.

The League had nearly 9 per cent of the vote nationwide in the 1992 elections with a total of 79 members of parliament in both houses. With the first-past-the-post system the League could obtain some 150 seats in the chamber of deputies alone. Mr Berlusconi is claiming his own polling organisations are giving him 30 per cent of the vote.

The League has chosen Bologna for its congress as a provocation to the former-Communist Party of the Democratic Left, which has always regarded the city as its stronghold.

Mr Bossi has limited the number of potential allies by falling out with the centrist grouping of Mr Mario Segni, the referendum leader. Mr Bossi rejected a deal negotiated by a lieutenant with Mr Segni because he suspected this would lead to a broader pact with members of the discredited Christian Democrat party, now renamed Popular party.

In the same way, Mr Bossi has made it clear to Mr Berlusconi that he would be an unacceptable partner if he were to bring on board the National Alliance, the recently re-baptised neo-fascist MSI. Mr Bossi regards the National Alliance and its leader, Mr Gianfranco Fini, as an electoral liability with whom there is little common ground. Mr Berlusconi is making progress on a deal with National Alliance, which is expected to have a significant share of the vote in southern Italy.

The other issue to be resolved between Mr Bossi and Mr Berlusconi is the number of seats the League is willing to let Forza Italia contest in the north – and whether Mr Berlusconi should stand in Milan.

# Red tape ties Ossie entrepreneurs

**Judy Dempsey** on bureaucracy east Germans thought was a thing of the past

Mrs Heidlinde Fatteichar is an energetic east German who expected a lot from unification. She gathered her savings, exchanged her Ost Marks for D-Marks, and confronted the market economy.

She leased a small shop in the hamlet of Prebberede in the eastern German state of Mecklenberg-western Pomerania. The size of a large room, it is located in the wing of a delapidated *Schloss*, or castle, which once belonged to the old Bassewitz family from Prussia. There are no brash advertising slogans and banners hanging from the ceilings; no piped, anodyne music.

It is a simple grocery store offering a limited, but adequate, range of goods for her customers.

But no sooner had the unification treaty been signed than she and her friends began to realise that some aspects of life had not changed all that much. Eastern Germany, they discovered, was being swamped with just another set of rules, regulations and laws to replace those they thought they had left behind.

Mrs Fatteichar points to legislation regulating shopping hours. Shops in Germany must close by 6.30pm on weekdays and 2pm on Saturdays. There are some exceptions; shops can remain open until 8.30pm on a Thursday – depending on location – and 4pm on a Saturday, depending on how close they are to the centre/railway/airport. "I make my own law," says Mrs Fatteichar, who is in her mid-30s. "Don't talk to me about those west German regulations. If we took them seriously, we would not be allowed to do anything. I will stay open as long the people want it."

She has an acute business sense. She wants to increase her turnover so that when she moves out – by the end of next month because westerners have bought the Schloss – she can go to the bank, prove she is credit-worthy and lease new premises.

**Restrictive shopping hours and tight credit curbs for easterners are two examples of what many see as an inflexible and rigid economic system being imposed on east Germans**

She is not very hopeful. Not only is Mrs Fatteichar up against antiquated shopping hours, but the local Raiffeisen bank in Teterow is reluctant to grant her a loan of DM120,000 (£46,000) to lease space.

"I can't win with these western German bankers," she says. "They want us to create capital but they will not advance us a loan." Her bankers have insisted on security. Mrs Fatteichar has more than obliged. She offered them her home. But the bank wanted more security. She offered her 10ha of land as additional mortgage. "It's still not enough. More and more red tape and obstacles stand in my way," she says, adding that she had never before asked for credit. "I have no debts."

Restrictive shopping hours and tight credit restrictions for easterners are two examples of what many see as an inflexible and rigid economic system being imposed on east Germans desperate to unleash years of pent-up energy and channel it into the private sector. It is a view shared by some senior industrialists.

Mr Kurt Lauk, a board member of Veba, Germany's energy-based conglomerate, wrote in a recent issue of Daedalus, the journal of the American Academy of Arts and Sciences: "It is obvious that a competitive renewal in the Federal Republic presupposes a willingness to ... contain the flood of state intervention, to recognise how regulation and licensing can hinder productivity." He continued: "Unfortunately [such regulations] have been carried over to the new states and greatly complicate the problems for their economic reconstruction ...."

There are some cautious signs that Mr Günter Rexrodt, the economics minister and member of the liberal Free Democrats, the junior partner in Chancellor Helmut Kohl's governing coalition, is prepared to start cutting through the myriad of regulations.

Last week the minister scored a small victory. The cabinet, pending approval by the Bundestag, voted to get rid of the *Rabattgesetz* – a law, drawn up in 1933, which prevented shops and retailing outlets from lowering their prices by more than 3 per cent. During the winter and summer sales, retailers will now be allowed a taste of real competition.

Already the federal association of medium-sized and large retailers is critical about any reforms. "Why should we change it?" says Mr Gert Nacken, one of its legal experts.

"We have enough strong competition. With the present kind of price system, customers know where they stand. There is stability."

Many east and west Germans regard the link between price "stability" and regulation as tantamount to giving the producer precedence over the consumer.

There are even some who want to reduce red tape, such as Mr Herbert Helmrich, justice minister of Mecklenberg-western Pomerania. Twelve years ago he founded the Society for the Promotion of de-Bureaucratisation. One of its aims is to speed up decision-making processes by granting civil servants some powers of initiative without the constant and lengthy reference to rules and legislation. The federal Justice Ministry has set up a commission to examine the issue.

Meanwhile Mrs Fatteichar will continue battling with the bankers and will ignore red tape to get on with life in a united Germany. "Sometimes I don't understand capitalism. Is it meant to be about competition or not?" she asked.

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# Georgia set to consider rouble union

By Leyla Boulton in Moscow

President Boris Yeltsin yesterday announced that Georgia would explore the possibility of joining a controversial new rouble union under negotiation between Russia and Belarus.

Visiting Tbilisi, the Georgian capital, for a one-day summit with Mr Eduard Shevardnadze, the republic's leader, the Russian president also said that Russia would give war-ravaged Georgia an unspecified loan. Radical Russian reformers who have mostly left the government have warned that Russia's more conservative leaders and Mr Victor Gerashchenko, the central bank chairman, are *planning to bail* out even worse-off former Soviet republics at Russia's expense.

Mr Yeltsin said Russia and Georgia had agreed to set up a working group to "weigh the pros and cons" of Georgia's admission to the rouble zone. The Russian leader also signed a friendship treaty which is an attempt to patch up relations frayed by Russian support last year for a rebellion by Georgia's Black Sea enclave of Abkhazia. The treaty pledges that neither side will use the other's territory for aggressive acts. The Russian parliament, however, said that the unresolved conflict meant that it could not ratify the friendship treaty. Mr Yeltsin said he would only submit the treaty for ratification once the conflict was resolved.

Russia last year was also unable to stop its own rebel territory of Chechnya from offering hospitality to Mr Zviad Gamsakhurdia, the deposed president who fought a civil war against Mr Shevardnadze until he committed suicide late in December.

Reuter adds: Georgian Defence Minister Georgy Karkarashvili was concussed by a booby-trap bomb yesterday *shortly before Mr Yeltsin* arrived in Tbilisi. The explosion came as the minister visited the wrecked flat of his deputy, *Mr Nika Kekelidze, who* had been killed by a bomb there hours earlier. A friend of Mr Kekelidze was also killed and the friend's wife badly wounded. A Defence Ministry spokesman said that when Mr Karkarashvili, accompanied by his aides, opened a door in the devastated apartment a grenade fixed to its handle exploded.

# Foreign tidal wave hits eastern bourses

## FT writers report on the western plunge into the emergent markets of Budapest, Prague and Warsaw

A tidal wave of foreign money is moving into the stock exchanges of the former communist countries of eastern and central Europe. Yesterday's news of the launch of a $200m (£133.3m) investment fund underlines strong western interest in shares quoted in Warsaw, Prague and Budapest.

Heavy buying has accompanied signs of an end to the long post-1989 period of economic downturn in Poland, the Czech Republic and Hungary. Western institutional purchases have had a particularly sharp effect during the last few weeks on the Budapest stock exchange, which rose 58 per cent in January.

However, several analysts warn that – after heady stock market rises last year particularly in Warsaw, which rose 11-fold in zloty terms – the stock exchanges may be heading for a fall. One expert pointing to possible pitfalls is Mr Reginald Duquesnoy, adviser to Prometheus, a small $10m Dublin-listed fund specialising in eastern Europe, launched by the London-based Cresvale asset management company.

He pointed out yesterday that foreign investment could push valuations to extreme levels. "I was amongst the first to land in Poland, and the sort of process I would have expected to take 10 years happened in nine months. It went from incredible value to the most rampant over-valuation I have seen in a long time. The greatest destroyers of value are the foreigners."

Mr William Lynne, of specialist London-based investment trust brokers Olliff & Partners, says it is still early days for mainstream UK investors to be looking at eastern Europe. "This is true emerging markets stuff. UK institutional investors tend to be dominated by pension fund managers, who do not think they can justify that kind of high-risk, high-return investment."

*CS First Boston*, the investment bank launching the $200m fund, counters the idea that it will be adding to an

**'I was among the first to land in Poland, and the sort of process I expected to take 10 years happened in nine months. It went from incredible value to the most rampant over-valuation I have seen'**

unsustainable "wall of money" moving into eastern Europe. Mr Charles Harman, a managing director of CS First Boston responsible for central Europe, says the fund's size is relatively small compared with the estimated $10bn worth of new stock issues expected to be made in the three centres during the next 12 months. These include both privatisation issues and additional capital launches by companies already quoted on the three exchanges.

The CS First Boston Fund, expected to be spent during the next two to three months, is to be targeted above all at Prague, where another round of privatisations later this year could bring to 1,700 the number of quoted stocks – dwarfing the much smaller Budapest and Warsaw markets.

According to Mr Richard Salzmann, chairman of the Komercni Bank, a leading Prague bank, foreign purchases of Czech bonds and equities have surged since last autumn on optimism about the economic and political outlook. Up to $400m in foreign portfolio investment is thought to have flowed to Prague since the stock market was opened in June.

Private investment funds have yet to make an impact in Poland, although foreign buying generally makes up about 10 per cent of turnover on the Warsaw stock exchange. Foreign investors are thought to own 25 per cent of stock market capitalisation.

Investment activity in Warsaw has generally been through western government-sponsored funds such as the $300m Polish American Enterprise Fund (PAEF). The PAEF has channelled loans and equity to medium and small businesses, and last year contributed $50m towards the $150m Polish Private Equity Fund (PPEF) for equity investment, some of which has been in companies preparing for eventual stock market flotation.

Budapest, with the smallest capitalisation of the three exchanges, has lately seen a particular speculative flurry. Last week General Electric's pension fund and two other US investors paid $23.6m for the 29 per cent of hotel and spa chain Danubius being privatised by the State Property Agency.

The shares more than doubled on the first day of trading.

Investors have been trying to follow the example of the Quantum Fund, controlled by Mr George Soros. Quantum invested $3m in Hungarian retail company, Fotex, in 1992 and the shares have since more than doubled. The question is: can this be repeated?

*Reports by Bethan Hutton in London, Nicholas Denton in Budapest and Chris Bobinski in Warsaw.*

# Russia acts on unsound banks

By Leyla Boulton

The Russian central bank has closed down 19 "unsound" banks over the past year and is developing an early-warning system to minimise the possibility of future banking crashes.

Ms Nadezhda Ivanova, deputy chief of off-site banking supervision, said that liquidation committees were examining the banks' whose licences had been withdrawn to establish what could be recovered by creditors.

The central bank, which late last year cracked down on banks which abused its overdraft facility, is a leading creditor, although Ms Ivanova said it was too early to tell how much money it had lost.

With 2,041 banks as of February 1, Russia's fast growing but highly fragile commercial banking business has been encouraged by exceedingly low minimum capital requirements for setting up a bank. The central bank, however, is now working on raising them.

Ms Ivanova said off-site supervision, which examines data sent to the central bank by the banks themselves, was being supplemented by a growing on-site inspectorate, which had so far checked 300 banks.

# Row in Moscow over spending on agriculture

By Leyla Boulton

The Russian government yesterday illustrated its inclination towards a course of spending which would fuel inflation and jeopardise economic recovery.

*Mr Andrei Illarionov*, whose days may be numbered as personal economics adviser to Mr Victor Chernomyrdin, the prime minister, severely criticised an agriculture support package as a "benefit for lobbies" such as the state farms represented by the deputy prime minister, Mr Alexander Zaveriukha.

He said the package, for instance raising duties on imported sugar when Russian sugar prices were already twice the world level, would hit the consumer hardest.

Although the package carried an official price tag of Rbs14,000bn, Mr Illarionov said it would be complemented by an additional Rbs14,000bn to be spent on soft loans for food purchases, and another *Rbs6,000bn in loans for farmers* to carry out the spring sowing. This meant that at present exchange rates Russia would *spend $22bn (£14.6bn) on* its attempts to become self-sufficient in food – or 10 times more than it spent on food imports last year – making the goal of self-sufficiency not worth the expenditure.

Mr Chernomyrdin was quoted as asking the package's authors to review the programme, saying it had to be backed up by appropriate resources. He did not explain what constituted appropriate resources in a situation where the government has already decided to double the amount of money it will print in the first quarter of this year to cover the budget deficit.

# Ukrainian deputies cautious on N-arms accord

By Jill Barshay in Kiev

The Ukrainian parliament yesterday adopted a carefully worded resolution which supported President Leonid Kravchuk's nuclear diplomacy, but delayed ratification of treaties to rid Ukraine of its nuclear arsenal.

The brief, two-point resolution called for "exchanging instruments of (Start-1) ratification after concrete agreements have been reached," *referring to the still unfinished or "secret"* accompanying agreements on financial compensation, dismantlement aid and security guarantees.

The MPs stressed the need for these further agreements even though, in their apparently contradictory resolution, they officially renounced the 13 conditions set on their controversial ratification of Start-1 last November. Only three weeks ago, the trilateral agreement with Russia and the US was heralded as an "historic breakthrough" which would dismantle the world's *third largest nuclear arsenal.*

Mr Kravchuk, who has staked his reputation on the trilateral accord, began with an impassioned appeal to ratify the nuclear non-proliferation treaty as a non-nuclear state. He said this would avoid "international isolation".

Later the president explained that parliament's main concerns would be fulfilled by the government in subsequent negotiations with Russia and the US. But parliamentarians wanted to see the compensation and security details before signalling final approval.

The parliament was only presented with Mr Kravchuk's public agreement signed with Presidents Bill Clinton and Boris Yeltsin on January 14.

According to this agreement, Ukraine is to ship over 1,600 nuclear warheads to Russia, where uranium would be extracted and then sold by the US. US officials have estimated *that Ukraine would earn $1bn* (£670m) from these uranium sales.

The parliament wanted to know precise details of the agreement, wary that it has still not got compensation for the over 2,000 short-range nuclear weapons it transferred to Russia in 1992.

Deputies also wanted to ensure their atomic power stations, which produce a third of the energy-starved country's electricity, would be supplied with uranium. Shortages of nuclear fuel could shut down part of the Chernobyl nuclear power station within a week and Ukraine's four other plants within months.

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Conflict between Russia and Ukraine is now "probable", according to a report by a prominent British defence institute, writes David White, Defence Correspondent.

In its annual International Security Review, the Royal United Services Institute warns of rising tension over the Crimea and Russian nationals living in Ukraine. It also cites difficulties over the removal of nuclear weapons from Ukraine and trade, currency and oil disagreements between the two countries. The institute says the potential for a serious outbreak of violence is greater in Ukraine than in the Caucasus.

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# Volatile Japanese politics plunged into turmoil again

## William Dawkins on Hosokawa's unexpected move

Japanese politics was again plunged into turmoil yesterday as the controversial tax plans of Mr Morihiro Hosokawa, prime minister, aroused outrage on all sides.

Mr Hosokawa's early morning announcement of an income tax cut, to be funded by a rise in sales tax from the current 3 per cent to 7 per cent in three years' time, astonished many in his seven-group coalition and the opposition Liberal Democratic party. Japanese politics has moved into a newly unpredictable phase, and nobody had expected any kind of a decision, let alone such a blunt one, at that moment.

Less than a week after averting a political crisis by compromising with the LDP on political reform, Mr Hosokawa has provoked fresh trouble by apparently underestimating the political impact of his tax plan. This has forced him to delay announcement of his economic pump-priming package and attracted, for the first time, Japanese press criticism of his leadership style.

The Asahi Shimbun newspaper yesterday accused Mr Hosokawa of dishonesty and conceit, while the Mainichi Shimbun doubted whether Mr Hosokawa's 74 per cent popularity rating would be enough to resolve this crisis. "The prime minister must have been drunk on his high poll ratings," said an angry Mr Kozo Igarashi, the construction minister, who belongs to the Social Democratic party.

Yet most analysts think the basic plan, worked out by the three centre-right parties which set the tone for coalition policy, will survive. "It's a purely emotional outburst. This is just *Kabuki* [theatre]. There will be an agreement because nobody wants an election," said Mr Jesper Koll, chief economist at S.G. Warburg Securities in Tokyo.

Mr Hosokawa yesterday offered to consider changing the plan to satisfy the left-wing SDP, the largest member of the coalition, after it threatened to leave the government unless he modified the scope and timing. "I am not concerned about saving face," he said yesterday, after angry SDP officials invaded his private office.

A wholesale walk-out by the 76 SDP lower house members would deprive the coalition of its 10-seat majority there. "The socialists don't want to leave unless they have to... they don't want to take the government away from Mr Hosokawa just yet," argued Mr Jeff Young, political analyst at Salomon Brothers Asia.

Mr Hosokawa was probably expecting the SDP to resist the plan, given the party's election pledge last year to oppose any rise in sales tax. But the criticism from other coalition members and from parts of the LDP – which, ironically, introduced consumption tax – was a surprise.

Even Mr Masayoshi Takemura, chief cabinet secretary, and an open advocate of an increase in indirect taxation, threatened to resign if Mr Hosokawa did not mollify the socialists. "It is better to correct major errors. We may have rushed the decision on the tax," he said.

The plan had been announced too suddenly and was "not even worth discussing", said Mr Ryutaro Hashimoto, chairman of the LDP's policy research council. Only a day earlier the LDP looked as if it was firmly behind Mr Hosokawa on tax, on the strength of an agreement between him and Mr Yohei Kono, the LDP president.

Mr Hashimoto's remark appears odd from a former minister at the Finance Ministry, which orchestrated the consumption tax rise. Another former LDP finance minister, Mr Michio Watanabe, welcomed the scheme as "the sole direction" the government can take. All this suggests the LDP is just as split over tax as is the coalition.

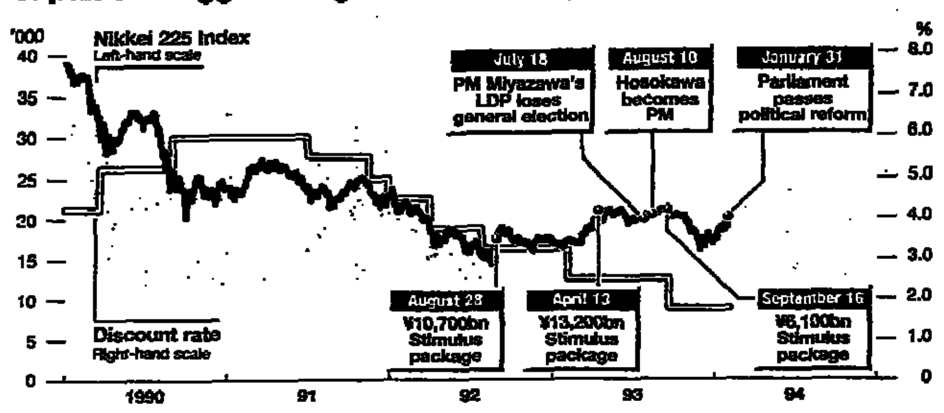
The campaign by the powerful Finance Ministry for a rise in sales tax clearly won over Mr Hosokawa. The ministry argues that it needs to increase revenues from indirect taxation to make up for the decline in income tax revenues that will take place as the number of Japanese aged over 65 increases from 12 per cent now to nearly 25 per cent by 2025.

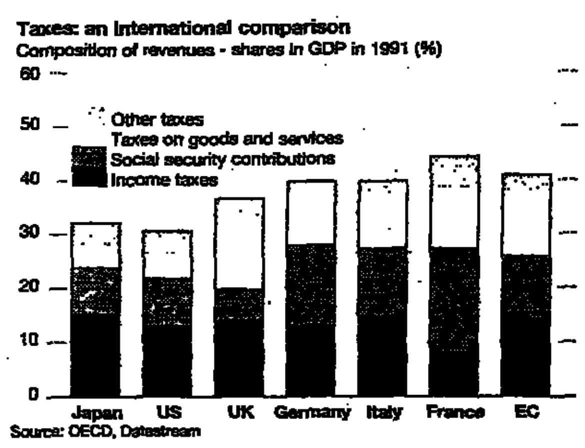
Political parties' natural reluctance to take responsibility for raising taxes is intensified by the LDP's painful memory of the consequence of its introduction of sales tax in early 1989. That was a big factor in the LDP's defeat in the upper house elections later that year, the first step in a decline which culminated in its lower house election defeat last year.

The proposed increase will again have an electoral cost, judging by the outcry from business and consumer groups yesterday. This is at a time when political parties are unwilling to take risks because they do not know for sure when the next general election will be.

Mr Hosokawa clearly believes his hand is strong enough to impose a fresh balance on the tax system, even at the cost of shocking some of his allies.

Japan's struggle to right the economy



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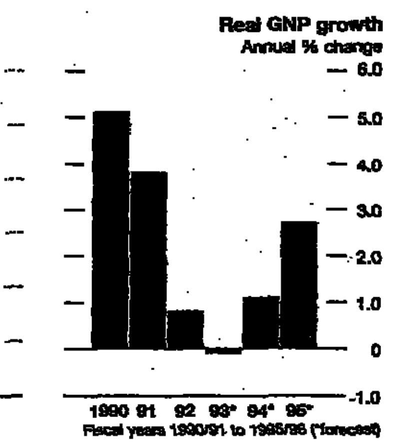



# Hosokawa plan has pleased few and made many unhappy

By Michiyo Nakamoto in Tokyo

After months of intense public haggling over how to finance a substantial income tax cut, Premier Morihiro Hosokawa has put together a plan that has pleased few and made many unhappy.

What relief or joy over the cut in direct taxation there may have been was strongly overshadowed by widespread discontent over the increase in consumption tax to 7 per cent from 3 per cent and its likely impact on consumer sentiment.

Business leaders, on the whole, hoped the lighter tax burden would lift consumer demand and help kick-start the sagging economy.

Among the most optimistic was Mr Gaishi Hiraiwa, chairman of the Keidanren, the leading business federation, who hailed the prime minister's tax reforms as a bold measure bound to have a favourable impact on the economy. Mr Hiraiwa said Mr Hosokawa could be given high marks for his reforms to lower both income and corporate taxes.

Most businessmen were, however, more guarded, while some were concerned that raising the consumption tax to more than double its present level could lead consumers to save their extra money rather than spend it, even though the increase will not come for three years.

Mr Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, was critical. "Since an increase to 7 per cent could have a negative impact on the economic recovery, I cannot support the plan right away," he said.

"People will save the money," said Mr Naokazu Takeuchi, councillor at the Consumers' Union of Japan. "The Japanese people are not stupid. With the economic outlook still bleak, they won't spend."

Pessimists argue that with rising employment and pressure from a high yen and excess manufacturing capacity unabated, reducing the income burden slightly is not going to trigger a consumption-led recovery. "It is no longer an age in which we can consume our way out of recession," Mr Takeuchi said.

"It will not be effective in stimulating the economy," agreed an official at Rengo, the trade union confederation. "Postal savings are at a peak, which shows that people are not spending even though they have the money."

But the fiercest criticism was reserved for what was seen as the backhanded way in which the increase in the consumption tax was decided and then presented to the public as a *fait accompli*.

"A tax increase is a serious matter, and must be fully debated to win public approval," said a union official. "Remember, the introduction of the consumption tax nearly brought down the government" under the then-ruling Liberal Democratic party, he added.

Mr Takeshi Nagano, president of the Nikkeiren employers' federation, reflected widespread unhappiness with the forceful way in which the increase was determined. "The government should do all it can to cut costs first, to win the approval of the public," he said.

For Mr Hosokawa, one of the most welcome receptions to his plan came from the US. Mr Lloyd Bentsen, US Treasury secretary, greeted the tax package as "a step in the right direction," although he reserved final judgment until details became available.

# Beijing seeks veto over HK air pact

By Simon Holberton in Hong Kong

An air services agreement between Cathay Pacific Airlines and China Airlines, Taiwan's flag carrier, seems likely to become ensnared in the long-running dispute between China and Taiwan about reunification.

It is unclear what attitude Beijing will take to the renewal of the agreement which expires in April next year. Although the accord is between two companies, China has indicated to the Hong Kong government that it wants to approve the terms.

Taiwan's Nationalist government refuses to permit direct contacts with the mainland. Most of the island's trade and communications with the mainland are routed through Hong Kong. More than 1m visits a year to mainland China by Taiwanese businessmen and tourists could be affected if China refused to recognise the agreement.

Renegotiation is China's first concrete opportunity to exercise economic leverage on the Taipei government. It might use the aviation accord to force the pace of discussions about direct links across the Taiwan Strait.

Air services between Hong Kong and Taiwan are not governed by a bilateral government agreement, but by an inter-company one last renegotiated by Cathay and China Airlines in April 1990 and valid for five years. This agreement permits both airlines to fly between Hong Kong and Taipei, and Hong Kong and Kaohsiung, a large port in south-west Taiwan.

The airlines want to renegotiate the pact for a further five years. But China has told the Hong Kong government informally that it wants to see the terms of any agreement, as it will span the 1997 transfer of the colony's sovereignty to China.

According to a senior government official: "The Chinese are concerned about what arrangements go through 1997 and they do not expect to see something agreed, that does go beyond 1997, without their blessing".

Although the agreement between Cathay and China Airlines was a matter between two private companies, in reality it would need China's endorsement to have any force after 1997, the official added.

The Taiwanese government has said it wants to continue using Hong Kong as a buffer between the island republic and the mainland. But it has said it will develop Subic Bay, the former US naval base in the Philippines, as a transshipment port if Beijing denies it access to Hong Kong.

# Censure on rights is rejected

By Tony Walker in Beijing

China yesterday strongly rejected US censure of its human rights record, describing such criticism as "utterly unreasonable and totally irresponsible".

China's strong reaction to this latest US criticism of its human rights record reflects concerns about renewal of its Most Favoured Nation status.

Removal of its lower tariff privileges in the US market would threaten billions of dollars' worth of textile sales.

In response to a US State Department report this week which said that China's human rights behaviour still fell "far short" of internationally accepted standards, Mr Wu Jianmin, the Chinese Foreign Ministry spokesman, said: "The US has no right to make irresponsible remarks about the internal affairs of China or, for that matter, any other country. We resolutely oppose interference in our internal affairs under the excuse of human rights."

The annual State Department accounting of human rights in China criticised Beijing for failing to provide adequate protection for individuals under the terms of the constitution.

"Fundamental human rights provided for in the Chinese constitution frequently are ignored in practice," the report said. "Challenges to the Communist party's political authority are often dealt with harshly and arbitrarily."

The State Department report acknowledged China had made positive moves on human rights in 1993, but it was the report's negative tone which captured the headlines.

# Iran asked to reduce embassy

By James Whittington in Amman

Jordan has asked the Iranian embassy in Amman drastically to cut down its numbers amid fears that Tehran is strengthening its links with Moslem fundamentalists in Jordan and the West Bank.

Security officials in Amman complained the size of the Iranian embassy far outweighed its "normal" functions and the Iranian ambassador, Mr Ahmad Dastmalchian, is said to have played an active role in 1979's Iranian student takeover of the US embassy in Tehran and the 1983 suicide attack on the US mission in Beirut.

Diplomats in Amman said Mr Dastmalchian is known to have played a key role in strengthening links between Tehran and Moslem fundamentalists abroad.

The Iranian embassy in Amman has 30 staff, including 19 diplomats, compared with only two Jordanian diplomats in Tehran.

Jordan's request came a few days after a bomb exploded in a cinema screening soft pornography in the northern town of Zarqa in which two people were injured. A similar device exploded, five days earlier, in a downtown cinema in Amman, injuring seven.

● Western embassies in Egypt are tightening security after warnings by Moslem militants that foreigners should leave Egypt, Reuter reports from Cairo.

## Rafsanjani 'plotters' arrested

Iran said yesterday a man who fired shots during a speech by President Akbar Hashemi Rafsanjani had been part of an assassination plot and that all his accomplices had been arrested, Reuter reports from Nicosia. Tehran Radio quoted a security chief saying: "In the wake of detailed intelligence work and the confessions of the assailant, all the accomplices and planners of this disgraceful action have been arrested."

## Japanese rocket launch delayed

A technical snag yesterday caused a further delay in launching the first all-Japanese rocket, Reuter writes from Tokyo. The much delayed first take-off for the H-2 rocket was originally scheduled for Tuesday, but was postponed twice because of bad weather.

'Forget apartheid' is gist of South African ruling party's election manifesto

# National party woos voters across racial divide

By Patti Waldmeir in Johannesburg

"Apartheid – let's forget about it," says Victor Gumbi, a black organiser for South Africa's ruling National party, the party which forced him to live in the black township of Soweto, denied him basic human rights and gave him third-class education and healthcare for decades, but nonetheless wants his vote in April's all-race elections.

Yesterday, in the presence of 3,000 delegates including perhaps a third "non-white", the new non-racial National party published an election manifesto which can be summarised in exactly the phrase chosen by Victor: forget apartheid.

The party congress, held outside Johannesburg, was a surreal affair. National party politicians, uncertain how to communicate with their new black, brown and Indian supporters, borrowed the rhetorical tricks of the African National Congress to try to stir the moribund conference to life.

The effort fell flat. The cries of "Viva, President de Klerk, Viva" and "Long live" stimulated a few uncomfortable whites to give the clenched-fist black power salute; but most delegates offered no more than muted applause. They seemed slightly bemused by the proceedings.

Desperate to gain the black, coloured and Indian votes without which the party is doomed, the NP loaded its election list with "non-white" candidates, many of them politicians who served in the tricameral parliament (which gave coloureds and Indians the vote, but excluded blacks), or people with little political experience. The list for the northern Transvaal region is overwhelmingly black, and in the crucial Pretoria-Johannesburg region the seventh position is held by a black man, Mr David Chuenyane, who chaired the congress.

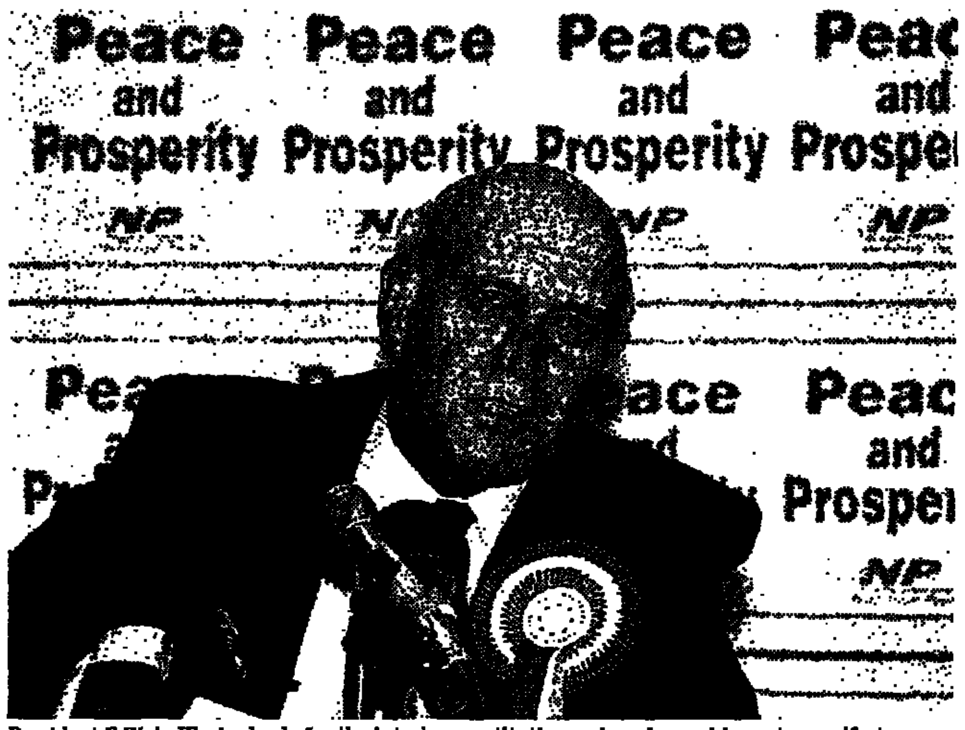
So why did Mr David Chuenyane join the National party, especially after decades in exile with the black supremacist Pan Africanist Congress? "I'm an opportunist," he says with a candour rare among his white colleagues. "I saw an opportunity in the NP and I said: 'The NP is stranded. They need somebody black'." Anyway, he adds, there were no good positions going in the African National Congress.

Now the NP is trying to sell itself as a party with experience of government (apparently oblivious to the charge that 40 years' experience implementing apartheid scarcely inspires confidence for the future). The party's manifesto solemnly promises to protect exactly those basic freedoms which National party governments abused on a regular basis for more than 40 years.

Nobody would deny it is a tall order to sell a party with a history like that of the National party (Mr Tim Bell, of Thatcher election fame, is advising the NP in its efforts). But the black South Africans who decide in the end to vote NP will not mind about that: they will be voting to keep out the Xhosas, who are perceived to dominate the ANC; they will be registering a protest at political violence which some blame on the ANC; or they will betray a kind of inverted racism, bred by apartheid, which has left some older, traditional, blacks thinking only whites can govern.

The size of this support base is impossible to measure, least of all by opinion polls conducted in an atmosphere of political violence, where respondents often say they are undecided rather than risk revealing their views. Opinion polls published yesterday indicated 25 per cent of the electorate is undecided; earlier polls showed only 1 per cent black support for the NP, although support among coloured and Indians is substantial.

It seems a fair bet that President F.W de Klerk's confidence is misplaced when he predicts that the NP will win the election outright; but however difficult his campaign, and however bitter the irony of his message, some black Africans will vote for him as the man who ended apartheid. It is an irony of history that his party should depend on the ones who suffered most under National party rule for its very survival in the new South Africa.



President F.W de Klerk pleads for the interim constitution as he releases his party manifesto Reuter

South Africa's right-wing Freedom Alliance will take the weekend to consider a compromise offer made in constitutional talks yesterday with the African National Congress and government, but Alliance negotiators said the offer fell short of their demands, writes Patti Waldmeir.

The offer would allow voters in April's elections to choose different parties at regional and national level, rather than voting once for one party to rule at both levels. The ANC made the concession hoping to avert civil conflict. Other items fell well short of Alliance demands: on regional autonomy, no new offer was made, though ANC negotiators made clear a readiness to move further on this issue, which is crucial to any settlement. There is intense dispute within the ANC on how much autonomy to offer.

Talks must end by next Saturday, the day on which parties must register if they are to contest April's elections.

# Industrial unrest could be serious, Jakarta told

Indonesia, under the spotlight as the US ponders whether to remove trading privileges, is facing its worst industrial unrest in recent years, diplomats and labour experts said yesterday, Reuter reports from Jakarta.

Thousands of workers went on strike this week accusing employers of failing to pay the new minimum wage, forcing President Suharto and his army chief to enter the fray by warning businessmen to abide by the new ruling.

Indonesia's main independent union has called for a nationwide strike next week. "It's going to get worse before it gets better. It's clear the government is worried about the extent of this (unrest)," a diplomat said. Washington, critical of Indonesia's labour policy, will decide on February 15 whether to suspend trading privileges under the Generalised System of Preferences (GSP).

Indonesia, afraid of similar sanctions from Europe, has passed a flurry of reforms in the hope of convincing Washington not to act. Last month it repealed a controversial decree allowing the armed forces to intervene in labour disputes. It has reformed the only officially recognised union, the All Indonesia Labour Union, or SPSI, in the hope of broadening its role.

It has ordered a 27 per cent increase in the minimum wage for workers in the industrial heartland of west Java, effective from January 1. Companies in 10 other provinces must raise their minimum wage by April 1. Executives at PT Kahatex, a textile factory in Bandung, 80 miles south-east of Jakarta, said 2,000 strikers went back to work yesterday after two days of protest in which offices were ransacked.

In its annual report on human rights, Washington this week accused Indonesia of widespread abuses and included a tough criticism of its labour record. Manpower Minister Abdul Latief has given West Java companies until February 12 to comply with the new wage laws, or face fines.

# Few prospects in sight for an IMF agreement with Nigeria

By Paul Adams in Lagos

The International Monetary Fund ended its annual visit last night with no prospect of agreement between Nigeria and its official creditors until the new military government brings spending, inflation and the foreign exchange rate under control. But economists predict that some policies in last month's budget will undermine economic stability.

Since late 1990 western-backed deregulation of Nigeria's economy has lapsed whilst fiscal policy has been out of control, leading to a budget deficit estimated at N100bn (£3bn) last year, about 15 per cent of GDP.

"The only thing which they deregulated in the past two years was government spending," said an economist in Lagos.

Officials say the Fund supported this government's policies of balancing the budget and accounting for all revenue and spending, but will not return for further talks until General Sani Abacha's regime achieves its targets in the coming months.

Nigeria is set to accumulate arrears of \$8.5bn (£5.7bn) by the year end on external debts of around \$28bn and more than half is rescheduled debt to the Paris Club of official creditors, which it has not serviced since August 1992. Debt relief depends on either a standby agreement lasting nine to 18 months or a three-year enhanced structural adjustment agreement (ESAS) with the IMF.

An ESAS would require comprehensive reform of the public sector but a standby deal could be reached more quickly if the government stabilises the economy and adopts fiscal, monetary, credit and foreign exchange policies which the Fund considers appropriate.

Since seizing power in November the direction of Gen Abacha's regime has been unclear. In last month's budget it reverted to direct allocation of foreign currency and fixed foreign exchange and lending rates, ignoring advice from international creditors. Foreign accounts have been frozen since the budget and until the cabinet's civilian economic committee begins to allocate foreign exchange direct to end users at a fixed rate of N22 to the dollar. Bank lending rates have been capped at 21 per cent although inflation is believed to be around 80 per cent.

This year's budget accounts more clearly for oil revenue than in the past but the government has not released payment for four months to its foreign oil joint venture partners which are owed an estimated \$700m plus N3bn.

Observers say that economic policy is largely determined by a cabinet committee containing several populist politicians with ambitions for high office, after the military leaves power, who may be reluctant to cut public spending.

# Business snubs Clinton health bill

By Jurek Martin in Washington

The first week of the Clinton administration's renewed drive for healthcare reform has brought a mixture of tactical defeats, victories and draws in its battle for universal coverage.

The most significant setback was the decision on Wednesday by the Business Roundtable, an association of 200 prominent corporate heads, to endorse the more modest reform bill sponsored by Congressman Jim Cooper, the Democrat from Tennessee.

The White House conceded it was "disappointed but not surprised" that it had failed in its strenuous efforts to get the association to preserve its previous neutrality. It suggested the Roundtable had been unduly influenced by the arguments of the insurance industry against universal coverage.

The Cooper plan is the only alternative which has attracted measurable bipartisan backing in Congress. It does not require universal coverage, though the congressman argues that his blueprint creating insurance purchasing alliances for small businesses, many of whom now provide no coverage, would have virtually the same effect. He also sees many other similarities with the administration approach, including reliance on what is known as "managed competition."

Its attraction to big business is that it would not force companies to purchase insurance for their employees, nor would it allow the government to put ceilings on insurance premiums, both features of the administration plan.

While sticking to his threat to veto any legislation that does not provide universal coverage and while working to prevent a rush of support for the Cooper bill, President Bill Clinton this week has indicated willingness to compromise on other parts of his plan, including employer mandates.

This gesture was influential in persuading the nation's governors, meeting in Washington this week, to issue a strong call for passage of healthcare reform this year. But they endorsed none of the plans currently on the table and admitted they were hopelessly divided on whether employers should be required by law to provide insurance.

Nevertheless the mood of the governors, plus the evidence of public opinion polls, has already induced a large tactical shift in the Republican position. Senator Bob Dole, the minority leader, this week significantly modified his assertion of seven days ago that there was no healthcare crisis in the US and promised to work for reform, even though he predicted "it won't look like any bill out there now."

Polls taken since the president's State of the Union message last week all indicate majority backing for Mr Clinton's broad goal, but they also reveal much incomprehension. Mr Dole's volte face demonstrates Republican awareness of the problems the party could face if it is perceived to be obstructing the popular will.


*President Clinton listens during a Department of Labour re-employment conference in Washington yesterday. He promised to get rid of "yesterday's programmes" and will propose a bill to overhaul the government unemployment system* Reuter

# US insurers face bill for toxic waste fund

By George Graham in Washington

The Clinton administration is proposing to set up a $3bn (£2bn) fund paid for by the insurance industry as part of its overhaul of the controversial Superfund laws governing the clean-up of toxic waste sites.

Ms Carol Browner, administrator of the Environmental Protection Agency, said yesterday that the new fund, to be built up by a levy on the industry starting at a total $500m a year, would help settle insurance claims arising from waste dumped before 1986, when the Superfund law was revised, and cut down on lawsuits.

The administration's draft legislation would also set up a new form of arbitration process for allocating responsibility for cleaning up waste sites, under the auspices of an independent expert, and make other changes that it hopes would resolve some of the law's current problems in assigning liability.

Superfund legislation was first passed in 1980 amid public outcry over notorious dumps such as Love Canal, near the Niagara Falls, or Kentucky's Valley of the Drums.

Its operation, however, has been widely criticised for the unfairness with which liability is distributed, the slowness of clean-ups – only 217 of the 1,280 sites listed as national priorities have been declared clean – and the amount of time and money spent on litigation.

A study last year by the Rand Corporation, a California-based think-tank, estimated that transaction costs ate up 27 per cent of the money spent on clean-ups.

"We all need Superfund reform desperately. No one who knows anything about Superfund would dispute that," said Senator Max Baucus, chairman of the Senate committee on the environment.

Ms Browner said the administration's proposals would make clean-ups quicker and cheaper. "Our proposal will cut the length of clean-up by 10 to 20 per cent and the cost of clean-up by up to 25 per cent," she said.

The draft legislation aims to introduce some consistency by setting up national standards for clean-ups, although these standards will vary according to the future use of the land.

One of the most controversial aspects of Superfund has been the application of joint and several liability, in which companies which contributed only a little to the pollution of a site may end up being saddled with most of the bill because other polluters have gone out of business.

The administration bill retains joint and several liability, which is a well-established legal principle, but Ms Browner said the new procedure for allocating responsibility would allow businesses to settle their share and not worry about being sued by others.

Joint and several liability was the inducement for everyone to take part in the allocation process, since those who did not settle could end up being sued for the leftover costs, or orphan share, which cannot be allocated to a specific party.

Very small polluters – some households have been confronted with a Superfund bill because their rubbish was taken away to a landfill – will be absolved of liability, and other small polluters will be given the opportunity to settle early.

In addition, the legislation would, with some conditions, protect prospective buyers of polluted land as well as trustees and lenders, some of whom have been faced with liability for sites they took over when their borrower defaulted.

# Perry is approved as next defence secretary

By Jurek Martin in Washington

The Senate Armed Services Committee yesterday unanimously approved the nomination of Mr William Perry as next secretary of defence. Its chairman, Senator Sam Nunn of Georgia, predicted confirmation by the full Senate within 24 hours.

Mr Perry, previously deputy secretary, struck all the right notes in his hearings and was gently treated by Senators. He said he would back US field commanders, promote internal reorganisation and seek more defence funds if necessary (he estimated a current five-year budget gap of $20bn, less than the $50bn pointed to by Mr Les Aspin, outgoing secretary).

He promised to be a full player in the Clinton administration's often criticised foreign and security team, expressing strong concern about North Korea's attempt to acquire nuclear capability.

# Ecuador strike hits business

By Raymond Colitt in Quito

A nationwide strike called by Ecuador's main trades union federation to protest against increases in petrol prices yesterday shut public and private enterprises and hit public transport.

The United Workers Front is demanding a reversal of the petrol price rise, which was announced at the weekend.

It is also seeking a general increase in wages for workers and the dismissal of Mr Cesar Robalino, the finance minister.

Riots continued for the third day yesterday.

In an attempt to overcome a fiscal crisis, the government of President Sixto Durán raised petrol prices by 25-71 per cent. Now prices stand at $1.22-$1.46 (£0.81-£0.97) a US gallon. Public transport prices remain fixed through subsidies.

Mr Alfredo Corral, labour minister, said the government was "studying the possibility of a limited wage increase," but would not repeal the petrol price rises.

Union leader Mr Edgar Ponce reiterated his members' opposition to the privatisation of strategic state-owned enterprises, and said that if the government did not give in to the demands, an indefinite general strike and an uprising by the indigenous peoples could result.

The government maintains that an estimated $500m-$600m deficit in the projected 1994 budget was largely caused by the fall in the price of crude oil, exports of which make up nearly half of the government's revenues.

# Venezuela suffers sharp fall in currency reserves

By Joseph Mann in Caracas

Venezuela's international monetary reserves fell sharply last month after a rush into US dollars prompted by the failure of the country's second largest bank, Banco Latino, and as a result of lower receipts from oil exports.

The central bank said international reserves dropped by $744m (£496m) in January, or 5.8 per cent, to $11.9bn at the end of the month – after falling by only $513m during the whole of last year. Reserves are still sufficient to cover the 1993 import bill.

Mr Julio Sosa Rodriguez, the finance minister, said that the new government, which took office on Wednesday, wanted to refinance around "15-20 per cent" of the principal payments on its non-restructured public sector external debt maturing this year. This would not affect any Venezuelan bond issues.

The Central Bank also said the cost of living index rose by 4.3 per cent in January, a bad start for the year. The increase, compared with 3 per cent in January 1993, resulted from the application of a new value added tax to retail sales. Inflation in Venezuela last year was 46 per cent.

Ministers said on Wednesday that the government of President Rafael Caldera would try to negotiate price agreements with producers in order to control inflation and avoid shortages, and that a price increase for petrol (which is contemplated in the 1994 budget) would not be approved "over the short term".



# Japan stalling talks, says US

By Nancy Dunne in Washington

A senior US trade official yesterday accused Japan of trying to renegotiate the hard-fought terms of the US-Japan trade negotiating framework reached at last year's Tokyo summit.

At a congressional hearing, Mr Jeffrey Garten, the commerce undersecretary, said Japanese negotiators were resisting "point by point" the setting of "multiple quantitative and qualitative criteria" which would measure progress in opening its vehicle market.

The US is seeking a "significant" increase in the number of direct franchise agreements between Japanese dealers and foreign vehicle manufacturers. It also wants continued increases in the North American content in cars produced by Japanese manufacturers in the US.

Japan has sought to position itself on the high ground in its trade stand-off with the US. American demands for "benchmarks" to measure import penetration sectors are being stoutly resisted on the grounds that Tokyo reformers want less, not more, government intervention in the marketplace.

"We do not seem to have even a common understanding of the problem, let alone consensus on the solutions," Mr Garten said. Japanese officials believe that agreement on "benchmarks" will evolve into market share commitments.

Memories of past highly-touted but ultimately ineffectual bilateral trade pacts with Japan haunt the proceedings. The US has now endured 28 years of merchandise trade deficits with Japan, with last year's climbing back to $59bn.

There is little doubt that a failure of the framework talks would bring swift congressional action; at the very least it would mean renewal of Super 301, a now expired tough US trade law. Congressman Richard Gephardt is considering legislation which would direct the Commerce Department to establish unilateral import targets for Japan, making failure to reach those targets punishable by sanctions.

US companies might also move quickly. At least one Washington trade group – Stroock & Stroock & Lavan – has been researching US trade law in preparation for private-sector attacks on Japan's exclusionary structure and practices.

Mr Bill Leonard, a Stroock senior partner, says there are three options: an expansion of the countervailing duty law to cover domestic subsidies which benefit Japanese companies to the exclusion of US exports; section 337 of the Tariff Act of 1930, which may enable US producers to exclude imports produced through exclusionary practices like keiretsu; and section 301 of the 1974 Trade Act under which the US imposes punitive duties on imports from countries which unfairly exclude US products.

# Athens bows to need for Turkish electricity

By Kerin Hope in Athens

Greece plans to buy electricity from Turkey to cover shortages during peak demand, ending a long-standing policy of rejecting economic co-operation with its political rival.

The energy ministry said DEH, the state power monopoly, had been asked to submit detailed proposals for linking the Greek and Turkish grids in Thrace, in north-east Greece.

In the past, Greece turned down a Turkish offer to supply electricity to the eastern Aegean islands, claiming it would be politically unacceptable for its tourist industry to be dependent on Turkey.

Two years ago, negotiations with the Turkish electricity authority on linking the grids in Thrace were called off after details of the plan appeared in Greek newspapers. However, Greece now faces difficulties in boosting capacity at peak periods as its northern neighbours can no longer supply electricity on demand.

A severe drought in Albania, where power is produced by hydroelectric plants, has cut electricity exports. Bulgaria suffers from an energy shortage because of reduced transfers from Ukraine, while UN sanctions against the former Yugoslavia have curtailed production there.

In the medium term, Greece is likely to need regular access to additional capacity. Demand for electricity is rising by 3.5 per cent a year while further delays in building power plants are expected.

# Davy wins contract in Trinidad

By Robert Corzine

Davy Process Technology, a division of Trafalgar House, has won a £235m ($352m) contract to build a methanol plant in Trinidad and Tobago, just days after handing over a similar facility to the Caribbean Methanol Company.

The decision to more than double the country's methanol capacity was taken because of the low cost of gas in Trinidad and 'ts proximity and favoured access to the growing US market.

The US economic recovery and the resulting rise in housebuilding has boosted demand for timber resins based on methanol.

# US and EU to set up dispute warning system

By Lionel Barber in Brussels

Senior US and European Commission officials yesterday agreed to set up an "early warning system" to identify and tackle potential transatlantic trade disputes.

The first issue to be tackled is an increasing US tendency to set conditions on the application of national treatment, Brussels officials said. This could lead to discrimination against European companies investing in the US in areas such as research and development, they said.

The talks in Brussels were the first effort to meet President Clinton's pledge on his recent trip to Europe to intensify EU-US co-operation. Both sides described the talks as productive. The two sides also discussed the post-Uruguay Round trade agenda, with the US again stating its interest in including workers' rights and environment policy.

A senior US official said it was important to develop a "quiet dialogue" to tackle disputes on audio-visual and public procurement which were not resolved in last December's Gatt agreement.

Commission officials welcomed the change in tone, but made clear they had no new offer to make on the audio-visual issue. It was better for the US and European industries to pursue the matter, one said.

The sub-cabinet level talks also agreed to intensify regulatory co-operation. A list of possible areas for future discussion includes mobile satellite phones, pesticides, and environmental waste packaging. A further area for co-operation includes exchange of views on new continent-wide information technology programmes being developed in the US and Europe such as the administration's National Information Infrastructure programme. "We want to ensure they do not run counter to each other," said one Brussels official.

# Uruguay deal boosts world standardisation

## Frances Williams on moves toward common technical, health and safety standards

The global trade accords concluded in the Uruguay Round last December will give a big boost to the power and prestige of the numerous international organisations concerned with the setting of technical, health and safety standards for industrial and agricultural products.

New agreements on food safety and animal and plant health regulations, and on technical barriers to trade, urge governments to make maximum use of international standards to prevent unnecessary obstacles to the free flow of goods.

Unlike the General Agreement on Tariffs and Trade's current voluntary "standards" code, which has about 40 signatories, the strengthened Uruguay Round accords will apply to all 115 Gatt members. Moreover, the dispute settlement mechanism which will come into force with the new World Trade Organisation next year will give governments better redress against the use of standards as disguised trade barriers.

The Uruguay Round accord on technical barriers to trade, which covers non-farm goods, requests countries to use international standards where they exist unless "ineffective or inappropriate" for the task.

It also encourages them to join and participate actively in the 28 or so international standards-setting bodies, especially the Geneva-based International Organisation for Standardisation and its sister institution, the International Electrotechnical Commission, which sets standards in electrical and electronic engineering.

The agreement can be expected to reinforce the impact of expanding world trade, globalisation of production and the increasingly rapid development of new products and technologies which have already prompted a big rise in demand for international standards to ensure worldwide compatibility.

This has been magnified in recent years, according to Mr Lawrence Eicher, ISO secretary general, by the spread of regional trading blocs, the integration of developing and former communist countries into the world trading system, and recognition of the need to avoid new trade barriers as tariff walls crumble.

ISO, a federation of 100 national standards bodies, has published more than 9,000 standards since it was set up in 1947, covering everything from screw dimensions and container sizes to car bumper heights and ski-boot bindings. Between them ISO and IEC, which has 42 active members, produce about 800 new and revised international standards each year.

In ISO's early days, the emphasis was on harmonisation of national standards. Now, increasingly, industry does not bother to formulate a national standard but asks immediately for an international one.

> Maximum use of international standards would prevent unnecessary obstacles to the free flow of goods

This process has gone furthest in the European Union which decided near the outset of its single market programme that it was not going to repeat at an international level the trauma of harmonising standards across the 12 member states.

Since 1991, the EU's standards bodies – Cen (European Committee for Standardisation) and Cenelec (European Committee for Electrotechnical Standardisation) – have worked in parallel with ISO and IEC, producing the same or consistent standards which are issued simultaneously. For electrotechnical standards the overlap is already nearly 90 per cent and for other international standards it is 40-50 per cent.

Apart from saving time and effort in standards development, the EU move represents a big competitive advantage for European companies which can avoid the cost and inefficiency of playing to different sets of rules for the domestic and export market. The lesson has not been lost on members of other regional groupings, including the North American Free Trade Agreement which links the US, Canada and Mexico.

US companies have historically taken relatively little interest in international standards because they could prosper in the huge home market. As the importance of trade to the US economy has grown, so too have problems caused by a lack of international standardisation. Many US companies, for instance, still operate on the imperial system of weights and measures, 20 years after most of the rest of the world went over to metric.

Harmonisation of technical standards between the US and Canada under their 1988 bilateral free trade agreement has proved an arduous task, aggravated by the contrasting standards-setting systems. The US has several hundred industry and local government organisations contributing to national standards, while Canada has just a few standards-writing bodies.

The Nafta accord attempts to avoid adding unduly to these problems by requiring national standards to be based on international ones. Any more stringent measures will have to be harmonised at regional level.

The growing emphasis on international standards has made the writing of those standards itself a highly competitive industry. Under ISO procedures, if at least five countries agree to participate actively in developing a standard, a technical committee is set up with one of those countries providing the secretariat.

There is strong country rivalry for these secretariats, since it increases the chances that the international standard will reflect the priorities of the domestic industry.

# Costa Rica seeks EU banana compromise

By Deborah Hargreaves

Costa Rica has asked the European Commission to make three important changes to its proposed banana import regime in an effort to break the deadlock in a long-running row between Latin American producers and the European Union.

A compromise plan offering Latin producers greater access to the European banana market was rejected last month after Costa Rica and Guatemala raised objections.

A condition for accepting the Commission's offer of an import ceiling of 2.1m tonnes of fruit would be for the Latin Americans to drop their complaint about the EU's banana regime to the General Agreement on Tariffs and Trade.

Costa Rica has asked the Commission to make the new import ceiling take effect this year rather than the beginning of 1995. The Costa Ricans also called on the EU to abolish tariffs whereby importers pay Ecus100 per tonne for deliveries within the ceiling and to remove the licensing system.

The tariff and licensing systems are ways of guaranteeing a market in the EU for higher-cost bananas from African, Caribbean and Pacific countries under Lomé Convention obligations. The UK and France would almost certainly raise objections to the abolition of the licensing system.

Costa Rica's acceptance of the import plan is crucial as the Commission has already said it would be prepared to leave Guatemala, which represents only 1.5 per cent of the EU market, out of the final agreement.

Latin American producers meet in Panama tomorrow to consider a proposal from Guatemala calling on the Commission to raise the import ceiling but remove individual country quotas, and reduce tariffs, with the receipts going as aid to ACP countries. But it also calls for the abolition of the licensing system.

# Electricity industry price rises attacked

By Michael Smith

Britain's electricity distribution industry was accused by consumer groups yesterday of imposing £650m of "unjustified" price rises in the three years following privatisation.

The National Consumer Council and the Consumers' Association urged Offer, the electricity industry regulator, to claw back "excess returns" from the companies and cut prices. The two groups said domestic price rises of 13 per cent in the first three years after privatisation had failed to deliver a better service.

Their report is the latest criticising power distributors over price rises and profits, and accusing them of favouring shareholders over customers. It will renew the pressure on Offer to tighten financial controls on the companies.

Mr Nigel Griffiths, Labour's consumer spokesman, said the report showed the need for the government to put pressure on companies to give back money to consumers.

The issue is increasingly sensitive as the government prepares to impose value added tax of 8 per cent on electricity bills in April. That is just three months before Offer is due to complete a review of price controls that were put in place by the government at privatisation.

Protests over the companies' recent high profit rises suggest that even controls which the industry might regard as draconian would be regarded as inadequate by consumer and political opponents of privatisation.

One of Offer's problems is that the review only covers the power companies' distribution businesses, which account for about 25 per cent of final power bills. Tight controls would therefore have limited impact on final prices.

Both Offer and the power distributors frequently say prices have fallen in real terms since privatisation, particularly in the period since last April, not covered by yesterday's report.

They also point to improved service standards. However, yesterday's report, a response to an Offer consultation document, demonstrates the cynicism with which the industry's claims are greeted.

The Consumers' Association said companies could make a more than adequate profit without increased prices. "Offer has got to get its act together urgently," said Dr John Belshon, chief executive. "It has been sitting on its hands for too long."

The National Consumer Council said the regional companies' rate of return for the distribution businesses reached 9.2 per cent in 1992-93, compared with 6 per cent at British Gas and targets in the water industry of between 5 per cent and 6 per cent.

Members of the cabinet leave yesterday's meeting in Downing Street. From left, David Hunt, employment secretary; John Redwood, Welsh secretary; John Patten, education secretary and Michael Heseltine, trade and industry secretary Picture: Lydia van der Meer

# Major demands an end to Tory party in-fighting

By Philip Stephens, Political Editor

Mr John Major last night moved to shore up his premiership with a blunt and unprecedented warning that disunity among Conservative MPs could cost the party the next general election.

At a hastily called meeting of the influential 1922 committee, attended by nearly 200 of the party's backbench MPs, Mr Major said that errant or disloyal ministers in future would be sacked from the government. He would put the country and party ahead of personal friendships.

His comments won warm applause, but some MPs suggested later that unless the warning was followed by a much surer approach in running the government, it would do little to restore the party's popularity with the voters.

The speech, dubbed by those attending as the beginning of a "No more Mr Nice Guy" approach from Mr Major, marked the second move within two days by the prime minister to restore his battered authority.

Earlier this week he dismissed right-wing Tory MPs who had demanded that he reshuffle his cabinet.

With many MPs openly speculating that Mr Major's own future would depend on the outcome of the local and European elections in the summer, he decided last night to go much further in attempting to shore up his premiership.

In a 20-minute address he acknowledged that the party had been riven by infighting between right and left and between pro- and anti-Europeans. "The sniping has to stop, the feuding has to stop, the squandering of energies on petty factionalism has to stop. We have to unite and fight for what we believe in," he said.

He said the economic recovery was strengthening, inflation would remain low, unemployment would continue to fall and British exporters had unprecented opportunities. In those circumstances, he added: "I am not prepared to stand quietly by and see our party squander its power and lose its opportunity for good".

He flatly rejected the arguments of those on the right of the party that the Conservatives needed a period in opposition to rebuild their philosophy and energy. Remarking that about two-thirds of the present parliamentary party had no experience in opposition, he added: "We don't know what it is like but I bet it's miserable and frustrating".

# Public-sector pay increases approved

The government yesterday backed away from a confrontation with public-sector trade unions by approving above-inflation pay rises of between 2.75 per cent and 3.0 per cent for nearly 1.5m workers, Kevin Brown and David Goodhart write.

The settlement follows cabinet approval for reports from pay review bodies covering teachers, senior civil servants, judges, the armed forces, nurses, and doctors and dentists.

The review bodies' recommendations will be met in full from April, with the exception of the armed forces, which will receive part of an average 3.6 per cent increase from January.

The settlement was rushed through to clear the way for a campaign to restore the government's battered authority before the local and European elections in the spring.

Prime minister John Major told the Commons in a written answer that the settlement was in line with a freeze on departmental pay bills announced last September. But City analysts said that the tone on public-sector pay had clearly softened and that it would be difficult to fund the nearly £1bn increase in the pay bill from productivity increases alone. Some analysts speculated that the combination of impending tax rises and elections had forced a more pragmatic stance.

The government has ruled out dipping into the contingency reserve to meet higher pay bills, but officials have said rises can be financed out of savings in running costs as well as pay bills.

Mr Gordon Brown, shadow chancellor, said it was a theoretical pay rise and many people would pay for it with their jobs.

## Britain in brief

### Unionists to publish peace plans

The Ulster Unionist party is planning to publish within three weeks its proposals for a new political settlement in Northern Ireland in a move likely to put pressure on London to keep the talks process moving forward.

This emerged yesterday as Mr John Major underlined the UK government's determination to press ahead with political talks in a move designed to wrest back the initiative from Sinn Féin after this week's highly publicised visit to the US by Mr Gerry Adams.

Progress in the province "cannot and will not wait for Sinn Féin", the prime minister told MPs at question time in the Commons. The government would "actively carry forward the political talks with the constitutional parties and with the Irish government".

### French to bid for Swans

French shipbuilder Constructions Mécaniques de Normandie, which recently beat Swan Hunter in the fight for a £50m Oman patrol boats order, last night confirmed it intends to make an offer to buy the Tyneside yard. The news is the firmest sign yet that Swan Hunter, in receivership since May, may find a buyer and continue as a shipbuilder with a substantial workforce.

Speaking after two days of talks on Tyneside, Mr Fred Henderson, chairman of English subsidiary CMN Support Services, said: "We intend to make an offer subject to the preconditions being sorted out."

### Court move on Maxwell show

Sir Nicholas Lyell QC, Britain's attorney-general, will attempt to stop the curtain rising on *Maxwell: The Musical*, the London show chronicling the life of Robert Maxwell.

Fears that the musical might prejudice the criminal trial of the late publisher's sons, Kevin and Ian, has prompted Sir Nicholas to apply to the High Court on Monday for an injunction to halt the production. The musical 1m, tells the tycoon's story through updated versions of Gilbert and Sullivan songs, is due to open at the Criterion theatre on February 11.

### Car demand still patchy

The recovery in UK new car demand has been uneven across the country with the economies of some regions remaining weak, according to figures released by the Retail Motor Industry Federation.

Overall UK new car sales rose by 11.6 per cent last year to 1.78m, but some regions were scarcely touched by the recovery. The best performing region in 1993 was the East Midlands, where sales rose by 15.6 per cent. By contrast new car sales in the south-west of England rose only marginally by 0.3 per cent.

### Delivery firm collapses

Elan International, the midlands express freight and parcels delivery company, has collapsed, putting 720 people out of work and leaving debts of £5.9m. The company, one of the top 20 in a competitive sector, called in a liquidator on Wednesday afternoon when it had run out of funds with which to carry on trading.

The collapse of the company comes as the parcels delivery market, often seen as an economic barometer, is stabilising after recession.

### Move to rein in drug costs

The government is considering extending a scheme giving family doctors an incentive to prescribe economically, as part of a drive to rein in spiralling drugs costs.

Ministers are keen to expand the scope of present arrangements permitting General Practitioners whose prescribing costs fall below a target level to keep a proportion of their savings.

The need for action was underlined by last month's announcement that allocations for GP prescribing for 1994-95 have been increased by 12.3 per cent. This means GPs in England are expected to spend a total of £3.2bn on drugs.

### No prosecution for 'war crimes'

Scottish legal authorities have decided not to prosecute 17 alleged war criminals living in Scotland.

The Jerusalem-based Simon Wiesenthal Centre said the decision meant killers would never be brought to trial and was a "terrible blow" to efforts to bring Holocaust murderers to justice.

The Crown Office, responsible for prosecutions in Scotland, said no prosecutions are to be brought against the alleged criminals because of a lack of sufficient evidence. A specialist investigation unit set up in May 1991 will be disbanded, although the inquiry could be reopened if fresh evidence emerged.

### Toys R Us acquitted

The High Court in London yesterday ruled that the Toys R Us chain was wrongly convicted and fined £22,200 for putting price tags on items which did not tally with till prices.

Two judges said in a test case the group should be acquitted of 34 offences of misleading the public because it was company practice for staff to check that ticket prices on items "available for sale" matched those appearing on the bar codes read at the tills. When discrepancies occurred, till operators were required to charge the customer the lower ticket price.



# Film institute warned over festival budget

By Motoko Rich

The British Film Institute overspent by £108,000 at its London Film Festival last year because of poor budgetary control, says a report by Britain's National Audit Office.

It warns that audiences are perilously low at the National Film Theatre and the Museum of the Moving Image, both in London.

The report says that the institute's senior management agreed to unrealistic budgets for the festival and officials were not monitored sufficiently.

Mr Wilf Stevenson, BFI director, said: "I think the report is a little unkind to us. We have to decide what films we are going to screen in advance of knowing whether we are going to get audiences or not. The festival is by definition risky and experimental and it is in its nature that you are bound to have uncertain spending patterns."

He added: "The expenditure overruns will not happen again because we have put in better controls."

The report pinpoints the South Bank's National Film Theatre and Museum of the Moving Image as vulnerable parts of the institute's operation. Last year the National Film Theatre filled 31,000 fewer seats than budgeted. The report cites the recession and increasing competition from television as reasons for declining ticket sales.

Mr Stevenson said: "We want to take account of the changes in viewer behaviour. We will try to offer what TV can't – what we call 'live cinema' – bringing in film makers to introduce their movies."

Visitor figures for the Museum of the Moving Image have fallen from 536,000 in 1989-90 to 368,000 in 1992-93. Audience levels are about half the level needed to break even.

Mr Stevenson said: "A recent visitor survey said the Museum of the Moving Image was the most popular attraction in London so we obviously have a good product."

The report emphasised that the NAO was impressed with the BFI's cultural services and the enthusiasm and commitment of its staff.

● Last year a record 93 per cent of seven to 11-year-olds went to the cinema at least once – generally bringing a parent along too, according to attendance figures released this week by the Cinema Advertising Association.

Almost seven in 10 people in Britain went to the movies last year, with attendances reaching 113m. The figures are the highest since 1978 and this is the ninth successive year of growth.

# Accountants writing off in search of a partnership

By Andrew Jack

A small London accountancy firm hopes to capitalise on the consequences of the profession's unfortunate image as boring.

In what must be the most unusual diversification yet from the core work of audit and tax advice, George & Co, an accountancy firm based in Enfield, has launched a dating agency for accountants.

Just in time for Valentine's Day, it placed an advertisement this week announcing its services in Pass, a magazine for trainee accountants.

"Prolink" is now taking calls from romance-seeking accountants and other professionals seeking similar for meals, films and discussions about double-entry bookkeeping.

Mr Paul George, who dreamed up the service, said it reflected accountants' suspicion with using existing computer dating agencies. He said there was a market for accountants to meet each other, because of their reputation in others' eyes as boring, and to allow them to talk about their specialist work.

Dateline, the world's largest computer dating agency, said more than 10 per cent of all new male applicants were accountants, reflecting the loneliness of the job and its dominance by men.

Young accountants yesterday expressed scepticism about the service. "I think we meet enough accountants here already," said Ms Natalie Marchant, who works for Price Waterhouse and said she would not date an accountant.

But she added hastily: "In principle there's nothing wrong with it. People's perceptions of the job are different from what it's actually like."

Mr Giles Davies, a colleague, said: "It's a bit sad. The assumptions behind it come right out of Monty Python. Accountants do date a lot, but largely when they are training and no one else understands the pressures. It's a shame if you don't broaden your horizons afterwards."

But Prolink may well have identified a niche in the market. It has apparently already received nearly 50 inquiries from romance-seeking accountants seeking similar.

Mr George said he was not currently dating an accountant himself.

# Lloyd's posts 'satisfactory' increase in capacity

By Richard Lapper

Lloyd's of London yesterday announced that its capacity – the amount of premium its syndicates are allowed to accept – will increase towards the upper end of expectations to £10.9bn in 1994, compared with £8.9bn in 1993.

Corporate investors supplied £1.6bn in capacity, while individual Names, who have traditionally provided the insurance market's capital base, are committing £9.3bn.

"It is a very satisfactory situation for the market to be in and as good as we could possibly have hoped," said Mr David Rowland, chairman. An increase in average commitments by individual Names partially reflected the relaxation of solvency requirements and helped offset a decline in the number of Names to 18,022 from 19,537.

Ninety-five corporate members – most of which are subsidiaries of more than a dozen Lloyd's investment trusts – have joined the market. So-called "working Names" – who work with agencies and brokers at Lloyd's – raised their average involvement to £372,000 from £318,000, while external Names raised their overall premium limits to £561,000 from £486,000 in 1993.

The total number of Lloyd's syndicates fell to 179 from 228 at the start of 1993, underlining recent rationalisation in the market. More than 400 syndicates underwrote in 1990.

Lloyd's, which is expecting to make profits when it reports its results for 1993 in 1996 – in line with its three-year accounting system – said that the recent Los Angeles earthquake was unlikely to affect its 1994 results.

Mr Rowland said that the London market would not be affected unless total insured losses exceeded \$3.5bn (£2.33bn). Insured losses are currently expected to be less than that figure.

"It is a major event in California but it is not a major incident in terms of the Lloyd's market," said Mr Rowland.

Mr Rowland also announced that Lloyd's was considering changes to new voting rules, after protests by Names action groups.

Lloyd's took the first steps to weight its voting system in favour of Names committing greater amounts of capital to the market last year.

But many existing individual Names argued that they could be forced to pay levies as a result of votes cast by corporate capital, which itself has protection from such levies.

# Old allies reassess their not-so-special relationship

**Philip Stephens** on the damage to Anglo-US understanding after the Adams visa row

It is not, as some have claimed, the worst breach in UK-US relations since Suez. Far from it. But nor is it the the minor squall claimed by 10 Downing Street.

The decision by President Bill Clinton to offer Mr Gerry Adams of Sinn Féin a public relations coup in New York was remarkable not so much in terms of any new damage inflicted on Anglo-US relations.

Seen through the focus of Whitehall, its real significance lay in what it revealed about the state that relationship had already reached. It is not an encouraging picture.

But first the hyperbole – expressed in headlines declaring an end to "the special relationship" – should be cleared away.

The wide-ranging identity of interests which has long provided the foundation for close ties between London and Washington has never guaranteed a trouble-free friendship.

A flick through Baroness Thatcher's account of her days in Downing Street provides ample evidence that even her famous partnership with President Ronald Reagan had its ups-and-downs. The row over the US invasion of Grenada is an obvious example. As one senior minister put it yesterday, even happily married couples occasionally fall out.

And both sides were clearly anxious this week to isolate the latest disagreement from the broader relationship. The White House put out what the New York Times described as a lengthy and conciliatory statement emphasising: "The importance that the US attaches to close co-operation with our British ally on a range of global issues."

For its part the Downing Street press office, now run by Mr Chris Meyer, the former number two in Britain's Washington embassy, was insistent that the relationship was alive, well and vigorous.

In the narrow terms of the Irish problem, there was also a suggestion that if Mr Adams had done well this week, the trip might in the longer term do some good.

The Sinn Féin leader offered no concessions to his hosts in terms of peace. Mr Clinton has dropped his campaign pledge to send a peace envoy to Northern Ireland.

The White House cannot accept the Downing Street view which denies any other government outside the British Isles a legitimate interest in the conflict.

But British officials are hopeful that as long as the London and Dublin governments stick together in their approach to peace, then Mr Clinton will think twice before granting Mr Adams another visa.

Scratch beneath the surface though, and it does not take long to discover real unease about the transatlantic relationship.

There is the concern that Mr Clinton is still surrounded by aides who want to downgrade Britain's status. Resentments still burn against the Home Office investigation into Mr Clinton's spell at Oxford in the 1960s and Tory party help for the Republicans during the US election campaign.

Mr Major, received warmly in Washington a year ago, has since been denied the ready access to the president that he could take for granted from Mr George Bush. There is a distinct absence of personal chemistry. At last month's Nato summit, President François Mitterrand and Chancellor Helmut Kohl were the centre of US attention.

Last year's transatlantic dispute over the West's approach to Bosnia did not help. Nor, in the view of some Whitehall officials, does the Euro-sceptic rhetoric that Mr Major adopts to appease the right of the Conservative party.

The weight Washington attaches to British views is in direct proportion to the role London plays within the European Union. That link between influence in Brussels and in Washington is likely to strengthen rather than weaken as the US reduces its commitments in Europe.

In the old days of the cold war the US needed an ally whose reflex was almost always to support Washington's stance. In a world where the Communist bloc no longer exists and Russia poses a much reduced threat, that imperative is no longer quite so powerful.

The argument can be overstated. For all its relative decline, Britain still holds an important place as a reliable ally. The State Department and the Foreign Office have the sort of easy relationship that comes with the habit of agreeing. When Mr Major visits the White House at the end of this month, the odds are that he will get a enthusiastic welcome. But the world has changed. Ironically former Presidents Reagan and Bush and the now Lady Thatcher were reunited in Washington last night for a gala birthday party. You could almost hear them tut-tutting.

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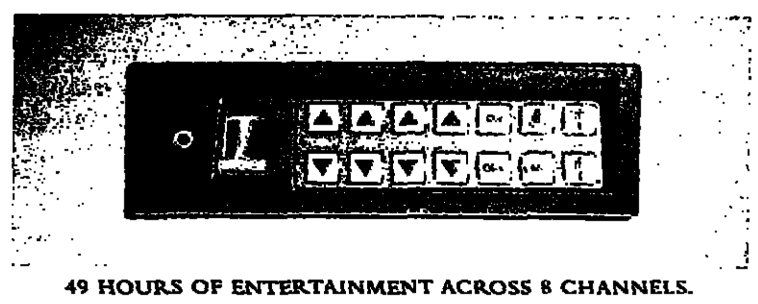

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# MANAGEMENT

**Lucy Kellaway** applauds new calls to reverse the damaging proliferation of jargon

# Time to walk the talk


First there was management jargon. Now there is management jargon to describe the management jargon. "Corporate graffiti", the latest addition to the language, is a derogatory term for a company's unthinking use of the lingo. It is (literally) the catch-phrase to end all catch-phrases.

It is high time there was a backlash against this opaque, ugly and cliche-ridden language. Action-centred leadership. Benchmarking. Competences. Downsize. Empowerment. Globalisation. You can go through the alphabet many times without exhausting the vocabulary of management-speak. Open any management book and you may find yourself suffering from what is known in the jargon as the "mego" syndrome – my eyes glaze over.

"Corporate graffiti" has been coined by Tom Robertson, newly appointed professor of marketing at London Business School. The notion came to him one day when he was thumbing through annual reports of US computer companies. He noticed that each claimed to be "market driven", and talked about "time-based competition" and "core-based competences".

He regards these notions as the "holy grail of management" (instinctively coining another phase) and argues that "the holy grail is dysfunctional as it distracts from getting on with the business".

Robertson is not alone. At the Industrial Society, Andrew Forrest, director of "human resources", is staging a rearguard action, teaching companies that if they want to say anything they should use words that everyone can grasp. "It's like fighting through fog to understand what they are talking about," he says.

Some management talk is simply naff. "Global" means no more than international. "Marketplace" is a cute way of saying market.

Then there are the euphemisms. Enlightened organisations do not have workers any more. They have "people". Caring companies do not fire people, instead they "downsize" the organisation. Some go one step further and engage in "rightsizing", fearing that the word "down" might have negative connotations.

Companies of the 1990s have "partners", not suppliers. They do, of course, still have customers whom they claim to worship. Unisys, the US computer company, has developed a "customerise philosophy" to get the message across.

Next are phrases to describe a company's professed beliefs. We have corporate missions, corporate value statements, corporate visions. The nouns are bad enough but the verbs are worse. We are meant to "live" the mission, "inbed" the vision. The work force has to "buy into" all new initiatives (ie to accept them) and thereafter "take ownership".

But the area in which jargon has made the most serious inroads is in business strategy. Total quality management, business process re-engineering, benchmarking, learning organisations, time-based competition, the list goes on.

There is often a good excuse for these phrases. Most are a shorthand for a more complicated notion. The danger is that different people mean different things by the words, or they just use the words because it makes them feel in the swing of things. "Business process re-engineering doesn't come tripping off the tongue. People have five different ideas of what the phase means, and so it simply causes confusion," says Forrest.

It is not hard to see why the words have proliferated. One reason is that all management writers and consultants want to be famous; they come up with an idea and then give it a brand name. Once created the words catch on. According to Forrest, people use the words to make themselves appear more knowledgeable then they are. "It is easy to slip into jargon to make people think you have something snappy to say," he says.

Some industries are more prone to jargon than others. The electronics companies are perhaps the worst. While others talk of the office as the "workplace", computer companies have gone one step further and call it the "enterprise environment".

So what can be done? Management speak is so entrenched it is hard to see how it could change. Yet Robertson thinks things will change if companies direct their attention to the subject rather than the words. There is a special piece of management jargon that says just that. Companies should "walk the talk".

# Death by a thousand new-fangled buzzwords

**Three ideas, concepts or models – call them what you will depending on your need for embellishment – are currently floating about in the management world. One is empowerment, an ugly transatlantic neologism which suggests that ordinary workers want, enjoy and benefit from being empowered. Of course, with power comes responsibility, and it is not clear that workers who warm to the former are equally happy about the latter. Also, the empowerment of one group usually means the disempowerment of another group, frequently the former's bosses.**

**The next idea is delayering, which is a simple, but enormously consequential, structural issue.**

**For all sorts of reasons, including obvious ones such as a set span of control, many organisations are very tall with many ranks, levels or layers.**

**Models such as the Catholic church are held up, which despite its size has only three or four levels under its CEO, the Bishop of Rome. So the preferred solution, and one which can be done with a stroke of the pen on the organisational chart, is to take out one, two or more levels of management.**

**The next idea, borrowed from the tough, masculine, no-nonsense world of heavy industry is re-engineering. Though, as in all of these concepts, there is some disagreement as to the precise meaning of the term, it implies that organisations are structurally and functionally redesigned. Just as the old, complicated, steam engine was re-engineered into the sleek bullet train, so elaborate, traditional organisations can be streamlined.**

**What these three new ideas have in common is that they usually lead to a similar result. Bluntly, these new-fangled ideas usually mean the sacking of middle management.**

**Is this culling a good idea? Are most middle managers Peter-principled, disengaged and therefore really pretty redundant? If so, why did that situation arise in the first place? What is the role of someone between the front-line supervisor and the directors?**

**In some organisations, middle managers will not be missed because senior or top managers were performing their jobs. The owners directed, the directors managed, the managers supervised, the supervisors worked. The job of directors and top managers is predominantly planning, forward looking and "visionary". The job of the supervisor is primarily operational, day-to-day management.**

**About 70 per cent of the time of the former is for thinking ahead and doing work that cannot be delegated, while about the same amount of the time of the latter is working with and through people at the coalface.**

**The middle manager – the departmental head, the divisional chief and the co-ordinator – supposedly did some planning, some man-management and even practised some of the skill for which they had been trained. Some were simply bureaucrats, some against any change which threatened their stability, and some simply incompetent.**

**Perhaps most organisations simply had too many middle managers and a bit of judicious pruning was rather a good idea. But to remove a whole level, or layer, or generation, may be exceptionally foolhardy, at least until its function is fully understood.**

Adrian Furnham

# Throw out the old yardsticks

## Building societies need a better rating system, says **Peter Welch**

Conventional wisdom has it that growing competition in the financial services market will force building societies to adopt leaner and flatter management structures. Those that do not will, as a result, have to merge with more successful competitors.

However fashionable it may be, this line of argument misses the distinctive management challenges facing building societies. Individual societies may have fat to cut but the sector as a whole is already lean and getting leaner. Many of the new challenges arise from the growing complexity of their activities over the past decade:

- Their core mortgage and deposit business has been overlaid with much greater product differentiation.
- They have become significant intermediaries in the sale of life and general insurance, and a number have set up their own insurance operations.
- Many large societies have diversified into new activities such as credit cards, current accounts, unit trusts, estate agency and property development. A small number have set up operations in continental Europe.

The real challenge facing societies' management is the move from a simple two-product business to a complex multi-product group of businesses. Applying a mutual ownership structure to this new environment adds to the complexity.

At the heart of this exercise is the need for new ways to assess organisational performance. Many traditional measures now give misleading signals. Rising staffing levels or cost ratios may say more about a society's changing business than about its operational efficiency. This becomes clear if group performance, which includes subsidiary companies, is compared with that of the society alone. Many of the new activities are undertaken through subsidiaries of the society.

On this page last year two Northern Irish academics, Charlie Ferguson and Donal McKillop, attached great importance to the finding that between 1989 and 1992 the number of head office and administrative staff of most large societies increased by more than the number of branch staff ("A bureaucratic legacy", November 5 1993). They cited this as evidence of lingering bureaucracy.

But their finding begs the question about what has driven the increase. Take the Alliance & Leicester, which shows the largest jump in head-office and administrative staff over the period. According to Ferguson and McKillop, its headcount grew threefold from 1,815 employees in 1989 to 5,990 in 1992. But most of this increase reflects the acquisition of Girobank in July 1990, with its more labour-intensive portfolio of activities. Excluding Girobank and other subsidiaries, Alliance & Leicester's head-office and administrative staff only increased by 200 between 1989 and 1992.

The Alliance & Leicester's experience is indicative of the sector as a whole. The value of assets per building society employee grew from £2.8m in 1989 to £3.7m in 1992, an increase of a third. Taking the most comprehensive yardstick, societies' management expenses – which cover staff and other operating costs – fell from a low 1.22 per cent of their assets in 1989 to 1.07 per cent in 1992.

If the measures are recalculated to include the assets and staff of subsidiaries, societies' organisational performance looks very different. The value of assets per employee falls from £3.7m to £2.9m. Management expenses rise from 1.07 to 1.4 per cent of assets.

This does not tell us that societies' subsidiaries are more bureaucratic than their core business nor that diversification has been unsuccessful; only that traditional measures of organisational performance have become less reliable. Total assets may be the wrong yardstick to measure the staffing levels and cost structures of a building society whose activities extend beyond mortgage lending.

*The author is a London-based consultant.*

## BUSINESSES FOR SALE



## LEGAL NOTICES

No. 00295 of 1994

In the High Court of Justice
Chancery Division
IN THE MATTER OF
PRIOR PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 18th January 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £4,536,081.50 to £1,900,000.04 and of the reduction of the share premium account of the above-named Company by £4,120,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL, on Wednesday the 16th day of February 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital and reduction of share premium account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 1st day of February 1994
Hobson Audley, 7 Pilgrim Street
London EC4V 6DR
Ref: CLW
Solicitors for the above-named Company

IN THE MATTER OF
J & P COATS (MIDDLE EAST) LIMITED
and
IN THE MATTER OF
THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY GIVEN that the creditors of the above-named company which is being voluntarily wound up are required on or before the 4th day of March 1994 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Antony Haji Rousos FCCA II Julia House, 3 Themistocles Dervis Street, PO Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 4th day of February 1994
A Haji Rousos
Liquidator

THE INSOLVENCY ACT 1986
FASHION BUTTONS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986, that a Meeting of the Creditors of the above-named Company will be held at the offices of Single & Company, 49 Queen Victoria Street, London, EC4N 4SA on 10 February 1994 at 2.30 p.m., for the purposes mentioned in Sections 99 to 101 of the said Act.

A list of the names and addresses of the Company's creditors will be available for inspection free of charge at the offices of Single & Company, 49 Queen Victoria Street, London, EC4N 4SA between 10.00 a.m. and 4.00 p.m. on 8 February 1994 and 9 February 1994.

Creditors wishing to vote at the meeting must lodge a full statement of account and an informal proof of debt and unless attending in person a proxy at Single & Company, 49 Queen Victoria Street, London, EC4N 4SA, no later than 12 noon on 9 February 1994. Secured creditors must, unless they surrender their security, give particulars of their security and its assessed value if they wish to vote at the Meeting.

Dated 27 January 1994
By Order of the Board
Mr Shashi K Patel Director

# THE PROPERTY MARKET

# Securum looks to the Ark to stay afloat

## Vanessa Houlder on the UK disposal strategy adopted by Sweden's Securum Property Holdings

Securum Property Holdings is one of the most important new overseas players in the UK property market. But, unlike other newcomers, its jobs is to sell, not buy, commercial property.

The company was set up last November to liquidate the UK property assets secured on loans made by Nordbanken, a Swedish bank that was the single biggest casualty of the crisis in Sweden's banking system in the late 1980s.

Securum Property Holdings is a subsidiary of Securum, which was created by the Swedish government in October 1992 to take over Nordbanken's portfolio of SKr67bn in bad and doubtful loans. Securum's goal was "to recover... non-performing loans and loss exposures... by taking possession of the underlying assets, assuming an active ownership role and creating future growth in value".

Securum's UK holdings, which is its largest overseas operation, includes Bricom, an airport servicing and parcel delivery company; a hotel group that operates seven hotels; and a finance subsidiary.

The largest component of this UK operation is property, which accounts for 60 per cent of the UK loans. These loans were originally valued at between £650m-£700m but were written down to £380m at end of 1992, with the decline in UK property values a contributory factor.

Overseeing the refurbishment and possible sale of the UK properties is the responsibility of Mr Phil Alexander, whose previous experience includes dismantling parts of the failed Mountleigh and Rosehaugh property portfolios. Securum presents a special set of problems arising from its unique origins. Moreover, there were additional legal complications relating to the bad loan-book.

The UK portfolio includes 180 properties, which were developed by more than 100 individuals and are spread throughout the country. The portfolio, which is mainly split between offices (60 per cent), retail (9 per cent) and industrial (27 per cent), includes some in prime locations, such as Bond Street in central London. But many of the properties are in secondary locations, largely because Nordbanken loaned to developers active at the end of the last UK property cycle whose deals were often concentrated in fringe locations.

One example in Securum's portfolio is its biggest single property, the Ark, a striking, award-winning development built by Ake Larson Byggare, a Swedish contractor, in Hammersmith, west London.

Bringing some coherence to this ragged portfolio is a priority for Securum Property Holdings. "At the moment we have a mish-mash of buildings. We are trying to get some reasoning into our portfolio," says Mr Alexander. "We are trying to build up a well-balanced portfolio," he adds.

Mr Alexander's strategy is to sell the buildings which do not need, or do not justify, a further expenditure of effort. Last year, Securum Property Holdings sold properties totalling £34m. The biggest sale was the 57,000 sq ft Adelaide House in Chiswick in west London, which was bought by Postel for about £15m. A similar amount of property is due to be sold this year.

Mr Alexander believes the remaining core of the portfolio has the potential to increase in value. His initial goal is to reduce the vacancy rate from a current uncomfortably high level in excess of 35 per cent to 10 per cent in the next 12 months. Much depends on finding tenants for the Ark, which accounts for 10 per cent of the portfolio by square footage. "The key to achieving our objective is to ensure lettings at the Ark," says Mr Alexander.

In addition, Securum Property Holdings believes it can add value to its properties by investing in them. For instance, one of the most disastrous property loans made by Nordbanken in the UK was for an office development at Kingston, Surrey. Today the development's value is less than a tenth of the original £11m loan, largely the result of the developers contravening planning permission by building without the agreed number of parking spaces. But Securum Property Holdings believes the development will recoup some of its losses with a further investment of £2m, by buying adjacent land, building a car park and finding a tenant.

Mr Alexander's goal is to build up the UK portfolio to a core property group worth £200m by 1995. He is determined, ultimately, to sell Securum Property Holdings in its entirety. "Selling off properties one by one is not the way we can best add value," he says. His plan is to sell the core portfolio by 1996, possibly through a flotation or reverse takeover. "We want to round off the strategy of adding value for the Swedish taxpayer," he says.

In deep water: the Ark, an award-winning Swedish development

### Overseas investment rises to £2.2bn on back of low UK rates

The changing opportunities and pressures facing overseas investors in UK commercial property are highlighted in a report published this week by DTZ Debenham Thorpe, chartered surveyors, writes Vanessa Houlder.

Overseas direct investment in property rose from £1.3bn in 1992 to £2.2bn in 1993. German, Middle Eastern and south-east Asian investors were the most prominent buyers to respond to the appeal of low UK interest rates and sterling's devaluation.

A surprising feature of 1993 was the limited number of sales by overseas investors, which totalled about £400m; 60 per cent of sales were by Swedish and Japanese investors. Heavier selling had been anticipated by many in the industry as a result of the difficult conditions in the main western economies.

Most of the sales by Japanese property holders were accounted for by the developer Kumagai Gumi, rather than institutions. In the case of several Swedish property owners, the transfer of some bad loans to Securum reduced the pressure to sell quickly.

Some of the problems experienced by overseas players in the late 1980s are considered less likely to recur. The recent pattern of overseas investment has seen a shift in emphasis away from acquisition for entrepreneurial or development purposes, which predominated in the late 1980s, in favour of standing investments which offer greater security of income.

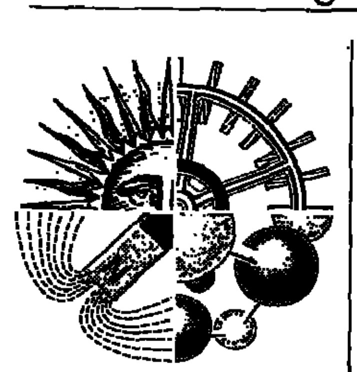
**Changes in property values (%)**

| | Retail | | Office | | Industrial | | All | |
|---|---|---|---|---|---|---|---|---|
| | Year to Dec 93 | Mnth of Dec 93 | Year to Dec 93 | Mnth of Dec 93 | Year to Dec 93 | Mnth of Dec 93 | Year to Dec 93 | Mnth of Dec 93 |
| Rental growth | -2.8 | -0.1 | -14.5 | -0.5 | -8.7 | -0.4 | -8.0 | -0.3 |
| Capital growth | 8.7 | 3.5 | 4.2 | 2.5 | 4.3 | 2.1 | 6.3 | 2.9 |
| Total return | 17.6 | 4.1 | 15.0 | 3.3 | 15.6 | 2.9 | 16.4 | 3.6 |
| Current yields | 8.3 | | 9.1 | | 10.5 | | 8.9 | |

Source: IPD Monthly Index, Investment Property Databank

# TECHNOLOGY

## Worth Watching · Della Bradshaw



### Trouble-free shirt all sewn up

Japanese technology is on the way to developing what must be the world's most trouble-free shirt, writes William Dawkins.

Sanyo Shokai, a clothing company, and Bridgestone, the tyre producer, have developed an all but indestructible method of fixing buttons to clothes.

The technique, due in shops for the autumn, comes hot on the heels of the "memory" shirt that automatically holds its wrinkle-free shape after washing.

The key to Sanyo Shokai's button treatment is a dab of clear urethane resin on the threads. The flexible resin seeps into the fibres and hardens, making the stitches almost indestructible. The cost is tiny: between Y2 (1p) and Y3 per button.

At first, Sanyo Shokai plans to use the treatment for heavy-duty buttons on suits and coats. But the logical next step, unpopable buttons on "memory" shirts, cannot be far away. Sanyo Shokai: Japan, 03 3357 4111.

### Virtual reality hits the surf

A breakthrough in electro-mechanical technology could soon enable people to simulate surfing, skiing or even hang gliding in the privacy of an arcade booth.

The "virtual motion" system, developed in Dorset by Denne Developments, replaces traditional mechanical hydraulics with computer-controlled pistons.

Sensors in the "ski" or "surf" board measure when the would-be athlete puts pressure on the board. The computer then sends instructions to a host of copper coils, which line a series of copper cylinders. Inside the cylinders are pistons which have powerful magnets along their length. When the electrical pulses activate the copper coils, the magnets react, shifting the pistons and so the board. The whole ensemble is finished off with a virtual reality headset. Denne Developments: UK, 0202 861661.

### Hydraulics prefer water to oil

Danfoss, the Danish manufacturing group, has launched a programme of hydraulic components based on water rather than oil, the liquid normally used in hydraulics machinery, writes Hilary Barnes.

Water reduces pollution and waste disposal problems, but can cause problems such as corrosion, which the company claims to have overcome.

Danfoss, based at Nordborg, believes its range of water-based hydraulics, which includes a hydraulic motor, will be especially suitable where hygiene is paramount, such as the food and pharmaceutical industries. Danfoss: Denmark, 74 88 22 22.

### Banks put IT on top of shopping list

Banks in the US are spending heavily on information technology, according to a survey from Ernst and Young.

According to the report, banks with assets of more than $1bn (£600m) increased their total spending on IT by 6.5 per cent to $15.3bn in 1993. This is the first time since 1990 that IT spending by the banks has been higher than the rate of inflation, according to the report. Big areas of spending include customer service centres and automatic teller machines. Ernst and Young: US, 212 773 2527.

### Dutch cable viewers get CD sound

Dutch cable television viewers will be the first in Europe to sample a music channel which squeezes up to 68 channels of CD-quality music down the cable between the sound and pictures of the TV channels.

Music Choice Europe transmits the digital sound in the spare spectrum between broadcasts. Once it reaches the home, a directional coupler splits off the music part of the signal and feeds it to a Music Choice Europe tuner. The tuner plugs into the amplifier of any hi-fi system. MC Europe: UK, 071 724 9494.

## Brown coal with green appeal

Despite a lack of resources, an east German institute has developed a clean briquette, writes **Judy Dempsey**

The Mining Academy depended on brown coal for its existence. Now an environmentally friendly coal might be its salvation

Years of research are finally paying off for the Mining Academy of Freiberg, in the east German state of Saxony: its Institute for Agglomeration and Air Pollution is scheduled to mass-produce an environmentally friendly brown coal briquette.

Not all east Germans can take the invention seriously. "You're telling me that a 'green' lignite briquette exists?" says Jochen Höfer, a former miner. "I know all about the lignite. The dirty, dusty air. We inhaled the stuff for more than 40 years, and we burned the stuff in our homes."

Wolfgang Naundorf, head of the institute, is not surprised by such descriptions: "Precisely because lignite is so dusty and contains such a high level of sulphuric acid, we began research on inventing the green briquette during the 1980s because we wanted to have clean air."

At first, the experiments were haphazard. This was largely because the former communist authorities in east Germany had no inclination to fund research which might slow down production of brown coal. Until unification, brown coal accounted for more than 85 per cent of primary energy consumption in the five east states.

"We got no financing or support for our research. We did it as a purely academic exercise," says Naundorf. Despite the lack of resources and modern equipment, the institute persevered.

Ralph Wallenberg, one of the scientists involved in the research, explains how, after many attempts, they found the successful formula. They added 3.5g of calcium hydrate (a combination of lime, chalk and gypsum) to every 100g of raw lignite. The calcium hydrate was mixed with the lignite as a suspension in water.

The added calcium compounds reduced sulphuric acid emissions when the briquettes were burnt but had the disadvantage of weakening their structure. The researchers hardened the briquettes again by adding some pulverised hard-coal coke, or anthracite.

"The sulphuric acid emissions have been reduced from 3 per cent to 0.5 per cent and the calorific, or heating content, has been increased by between 5 and 10 per cent," says Wallenberg.

The institute could not have continued its research had it not received a contract last year from the giant Mitteldeutsche Braunkohle (Mibrag) lignite fields which straddle the states of Saxony and Saxony-Anhalt, and which were being sold to an Anglo-American consortium led by Britain's PowerGen and NRG of the US. "After much discussion, the consortium, although pretty sceptical about their value, decided to keep two of Mibrag's briquette-producing factories open," says Johann Neudert, head of one of Mibrag's engineering departments.

Naundorf says: "We had to work fast. On a dry coal basis, Mibrag has one of the highest sulphuric acid contents in Germany. It is between 2.5 and 4 per cent. Under European Union regulations, any solid fuels burned in small-scale outlets, for instance for domestic heating, must be reduced to 1 per cent by January 1995, otherwise they must be closed down." The contract enabled the institute to complete its research successfully.

The institute's staff know that one contract will not secure their future. At present, the state of Saxony provides a third of the institute's costs. The remaining two-thirds has to be raised by the staff even though they have had no previous experience of seeking research grants. Naundorf's small research department has been reduced by 10 to 16 members.

The need to secure more contracts to raise financing is even more critical because the academy is faced with probably the most serious crisis since its foundation in 1765: the collapse of manufacturing, and the shortage of students.

The closure of large heavy industry enterprises which used brown coal has been followed by the rapid run-down of the region's mining sector. Since 1990, more than 100,000 mining jobs have been lost and primary consumption of brown coal has plummeted from 91m tonnes in 1989 to less than 51m tonnes in 1993.

The academy depended on the mining industry for its livelihood and very existence. Since the 18th century, it has trained generations of geologists and mining engineers, natural scientists and chemists.

"But now, we can hardly get enough students to fill the courses. The industry has few jobs," says Naundorf. Both the institute, set up in 1924 to conduct research into the properties of lignite, and the academy are finding it hard to pay staff. Morale is not high.

Wallenberg says one of the main drawbacks is equipment. "We cannot buy new equipment unless we win contracts. And if we don't win contracts, we can't refine our experiments to win contracts or pay our salaries."

Equipment notwithstanding, outsiders say they are struck by the academy's innovative standards. "The east German institutes do not have the state-of-the-art when it comes to equipment, but the people in Freiberg and, in my experience, east German scientists in general have the knowledge," says Michael Gillen, a mechanical engineer at the research department at Bord na Mona, Ireland's largest peat and turf company.

"They have all this brainpower which previously they could not use to its full potential. They compensated for the shortage of spare parts or new equipment by becoming highly creative and innovative," he added.

Bord na Mona recently contracted the institute to increase the durability and water resistance of the Irish peat briquette. "We might as well tap into the huge fund of knowledge," says Gillen. Selling that knowledge might secure Freiberg's future.

## Clean sweep in the sky

Laser beams will soon sweep the skies above Berlin to check if the air is fresh. Pollution will be mapped in three dimensions every half-hour by a DM1.5m (£570,000) laser radar system. It will identify the source of the pollution and trace its path through the atmosphere.

The first permanent lidar (light detection and ranging) system for monitoring pollution was installed in Leipzig, east Germany, two years ago to map emissions from industry, electricity generators and traffic. By correlating the data with meteorological information, smog levels can be predicted. The maps reveal the sources of the worst pollution.

The lidar, called a Lasair 420S, is a titanium sapphire pulsed laser that emits two beams of different wavelengths. One is tuned to scatter when it encounters specific pollutants; the other is used as a reference. The difference between the scatter of the beams indicates the quantity of pollutant and the echo time reveals its location.

The back-scattered laser light is collected through a telescope and focused on to a photodetector. Software interprets the data and produces two- and three-dimensional profiles of the pollution. Typically, they show concentrations of sulphur dioxide, ozone, nitrogen oxide, nitrogen dioxide and dust at heights up to 800m above ground level.

The equipment, which fits into a 3m cube and has a range of up to 12km, detects nitrogen oxide levels as low as two ppb (parts per billion) and sulphur dioxide concentrations as high as 270 ppb. A system will be sited on the roof of a Berlin hospital by the spring; a smaller, mobile version started trials in December.

Conventional techniques for monitoring air pollution only take spot measurements above ground. "They fail to represent pollution correctly, even if the chemical monitors are located close together because pollution varies drastically within cities," says Nicolas Adolph, sales manager of Elight Laser, Lasair's German manufacturer. "We can make remote measurements over several kilometres without the need to take samples."

**Max Glaskin**



# PEOPLE

## Former consultant takes top job at client

Retailing group Kingfisher has appointed Tim Breene (right), currently global marketing director at Guinness's spirits division United Distillers, as strategy and international development director.

Breene, 44, has known Kingfisher for some time; he worked with it as a consultant for McKinsey in the mid-1980s, and was involved in Kingfisher's defence against the unsuccessful takeover bid by electrical retailer Dixons in 1990.

He joined United Distillers in 1991 as European marketing director, working under Crispin Davis, then global marketing director. When Davis was promoted to managing director, Breene succeeded him, and the two developed a close working relationship before Davis resigned last October after differences with Tony Greener, Guinness chairman and chief executive.

UD says it is sorry to lose Breene, but understands he could not refuse the opportunity of a board position with a major public company.

It adds that Breene helped steer the company through a very difficult time in the distilling industry, and was responsible for two very successful marketing campaigns in the US for Johnny Walker and Dewar's whisky.

At Kingfisher, Breene will be responsible for formulating strategies for the group, as well as for its individual businesses, and seeking out international opportunities – although Kingfisher, which took over French electrical retailer Darty last year, says Breene's appointment does not signal that it has its sights on another imminent overseas acquisition.

Breene began his career in 1971 as a senior brand manager with Unilever, before joining Mars as marketing manager from 1975 to 1978. He then joined McKinsey as a consultant partner until 1986 before being appointed chief executive of ad agency WCRS. From 1990 to 1991 he was vice president and director of Boston Consulting Group.

He will be succeeded at UD by Ian Meakins, 37, who has headed the company's joint venture with Greek wine maker Boutari since 1992. He joined UD in 1991 as marketing director for white spirits and new brand development, having previously worked for seven years as a brand and production manager for Procter & Gamble, and then as a consultant with Bain before becoming a founding partner in the Calchas consultancy.

Meakins is credited with helping to make Johnny Walker and Dewar's the most popular whiskies in Greece, where Scotch has become the national drink, outselling Ouzo by 40 per cent.

■ **Paul Torday**, 47, grandson of the founder of Newcastle engineers TORDAY & CARLISLE, is bowing out after more than a decade at the helm of a company he joined over 20 years ago.

The company, which lost £13m in its last financial year and is not paying a dividend, refused to comment on the reasons for Torday's impending departure. However, there have been reports of growing institutional pressure for boardroom changes.

Torday's decision to quit the company when a new chief executive is found comes less than a month after the resignation of two of the company's three non-executive directors, Sir Michael Carlisle and Michael Denny. The company has appointed three executives, David Batie, Mike Hennon and Menno van der Hulst from DMI, its core business, to the main board and says that it also wants to appoint two non-executive directors.

■ **Denis Filer**, who was been director general of the Engineering Council since 1988, is staying on beyond his scheduled retirement in May until a definitive proposal for reforming the council has been prepared.

The council is the umbrella body for the UK's professional engineering institutions. Last year, Sir John Fairclough, chairman of the council, unveiled controversial proposals for a new relationship with the 42 professional institutions. The council said in December that Sir John would serve a second three-year term as chairman, beginning this May.

Denis Filer is also to become chairman of ADWEST GROUP from April when Fred Grant retires. Graham Menzies, group md, then becomes chief executive and Richard Truscott, general manager operations for the past three years, joins the board.

■ **Tony Froggatt**, md for northern Europe for International Distillers & Vintners, part of GRANDMET, has been appointed president of IDV Asia Pacific, and will succeed Christopher Pearman as chairman in October.

■ **Jerry Fowden** has been appointed chief operating officer of BASS Brewers.

■ **Brian Henners** has been appointed works director, Jonathan Oxford financial director, and John Stevenson production director of DH Greaves, part of WATMOUGHS (HOLDINGS).

## CentreGold entices player from Sega

CentreGold, the Birmingham-based publisher and distributor of electronic computer games which was floated in October 1993, has notched up something of a coup in the software entertainment world by tempting a player from Japanese games giant Sega.

Nobuhiko Ishihara, 42, is leaving his post as general manager with Sega Enterprises to become right-hand man of CentreGold's chief executive, Geoff Brown. Ishihara was a key figure in Sega's successful campaign to win hearts and minds of children across Europe. He joined Sega from an NEC subsidiary in 1987; in August 1990 he came to Europe where he successfully established a consumer division, including building a European research and development programme.

Working closely with Sega's president and chief executive, Ishihara was responsible for licensing property rights (both into and from Sega) and for the establishment of a third party publishing programme in north America and Europe.

CentreGold has thus recruited a senior figure with ready access into the nerve centre of one of the world's biggest computer games manufacturers. Moreover, with imminent technological developments which will greatly expand the entertainment software market, CentreGold sees the appointment as giving it an extra dimension of market knowledge and strategic planning.

## Non-executive directors

■ **Robert Shepherd**, a former deputy chairman of Pentland Group, at GILBERT GILKES & GORDON.

■ **Philip Newman**, head of equity sales at BNP Capital Markets, at EUROPE ENERGY GROUP; Viscount Torrington has resigned.

■ **Sir John Morgan**, a director of Christies and former diplomat, and Frederick Matzke, a former member of the board of the Bremen Stock Exchange, at INVESCO GROUP.

■ **Sir Alexander Graham**, chairman of First City Insurance Brokers and a former Lord Mayor of London, as chairman at EMPLOYMENT CONDITIONS ABROAD on the retirement of Sir Thomas MacPherson.

■ **Bernard Yoncourt** at EMPIRE STORES GROUP; Dominique Georgeon has retired.

■ **Michael Andrews** has resigned from McLEOD RUSSEL HOLDINGS.

■ **Lord Gregson, Sir Ronald Halstead and Alan Wheatley** will retire from BRITISH STEEL in July.

■ **Great Universal Stores** has enfranchised its shares and brought in four new non-executive directors; so it is no longer under fire for its corporate governance, as implied in yesterday's item about Jonathan Charkham.

Theatre/**Malcolm Rutherford**

# Dead Funny

It has been a good week for British comedy. After John Godber's *April in Paris* at the Ambassadors comes the premiere of Terry Johnson's *Dead Funny* at the Hampstead Theatre.

Johnson is becoming a prolific playwright. *Hysteria*, his piece about Sigmund Freud and Salvador Dali, was shown at the Royal Court only last autumn. *Dead Funny* is more down to earth. Although Freud is still mentioned and medical science is never far away, this is a play about relatively normal people in Islington, 1992.

Richard, a handsome consultant obstetrician, returns late for dinner, having performed five hysterectomies in the course of the day and stopped in the pub on the way back. He is not drunk, just nervous, for it is Wednesday – the night for sex therapy at home.

However good Richard may be as a surgeon, he has come to find his slightly older wife (41 to his 38) physically repellant. Tonight the therapy may be working. A naked Richard lies reluctantly on the floor while his wife tries to stir him. Then the doorbell rings and in comes a neighbour, Brian, to announce that Benny Hill, the comedian, is dead.

I shan't go on with the plot except to say that in parts of Islington – clearly a classless society – the the news is quite as shocking as (say) the death of the Queen Mother. Richard is a leading light in the Dead Funny Society which reveres a long line of stand-up British comics: Jimmy James, Max Wall, Tony Hancock, Frankie Howerd – the lot.

The rest of the play is about how – appropriately – to pay tribute to Benny. In the course of it, the sexual hang-ups of his admirers emerge. There are only five characters on stage. The sole non-admirer is Richard's wife, Eleanor, played by Zoë Wanamaker.

Ms Wanamaker is a wonderful actress. She personifies sexual frustration without the slightest inhibition. Her eyes can be fierce: she can exude venom with the tiniest movement of a nostril. Sometimes she looks as if she has developed a technique of conveying a whole facial expression from the top of her nose. She can also smile with a tear in her eye. This is a marvellously disciplined performance, even though – perhaps to tip the balance in favour of the Dead Funny Society – she does not always have the best lines.

The other outstanding performance, the full extent of which is held back until after the interval, is Niall Buggy's Brian. In act one he is bumbling, officious, fussy lower class camp. In act two he comes out. "Benny," he announces, "was gay – and so am I." He has bought a ticket to Amsterdam to celebrate, but tears it up and ends consoling Eleanor. What they both want, they say, is "a nice young man, preferably virile, possibly the same one".

There are additional delights in the plot. A defect is that, as in *Hysteria*, Johnson is not always sure what genre he is working in. He moves into farce and out of it for no obvious reason. But *Dead Funny* is bursting with life. Johnson directs, and the excellent set is designed by Sue Plummer.

**Hampstead Theatre. (071) 722 9301**

New music/**David Murray**

# One Day Tradition

Under that opaque label, London New Music is presenting four concerts in the Lilian Baylis Theatre. Each is devoted to a pair of "contemporary" composers, not necessarily alive: the opening concert included the American avant-gardist Henry Cowell, long dead. I went to the second concert on Wednesday, because it included music by Wolfgang von Schweinitz, German, and 41 next Monday.

Four years ago I wrote about the Munich Biennale premiere of his *Patmos*, a very long opera on the complete text of St. John's Revelations in the Lutheran version. Parts of the Munich audience were predictably outraged by Ruth Berghaus's staging, studded with echoes of the Holocaust. I thought Schweinitz's score impressively rich and varied; so I wanted to hear more.

Sadly, the LNM concert proved to be one of those bitty affairs that "contemporary music" fans know too well. The programme is confined by its budget to modest-scale works (some of which will be cancelled at the last moment), and because few contemporary pieces stick to standard ensembles a large part of the running-time will go toward carrying chairs and music stands off the stage and on again.

In the event, we heard only the last of Schweinitz's promised three Etudes from 1984, uncertainly delivered by LNM's pianist-conductor Michael Blake. One could hear why he chose not to play the other, more difficult Etudes, but this third one lost much of its effect without its contrasted siblings. With Blake finger-strumming directly upon the piano strings, the soprano Beth Griffith warbled engagingly through "Sehr kleine Drachen" (1992). We could not tell whether the words lived up to the promising title ("very small dragons"), nor whether the music lived up to them, for they were largely inaudible.

Much the most rewarding was his String Trio from 1978. A piece of disillusioned romantic rebellion: frail, heartfelt echoes of Schumann and Brahms are regularly deflated by ruthlessly sinking pitch. Amidst the flamboyant decay, enough lyrical structure survives to carry a sharp, regretful point.

The second half was given over to Gerald Barry, an Irish composer who enjoys more of a cult-following on the Continent than here. His music sounds like the work of an intelligent composer who is so anxious not to trade upon any established musical modes that he leaves himself room for little more than carefully uncommitted, repetitious tootling. Only his recent *Triorchic Blues* traced a feisty little vein of its own, in the violinist Charles Mutter's expert hands: laconic, tautly syncopated, dryly witty. We could do with more.

Alastair Muir

**More 'Upstairs, Downtairs' than 18th century Vienna: Sally Burgess as Octavian; and Anne Evans in the role of the Marschallin**

Opera/**Richard Fairman**

# Der Rosenkavalier

Is there any opera that reeks more of nostalgia than *Der Rosenkavalier*? As the waltzes begin to play, it is difficult to resist Strauss's blandishments to cast one's mind back over the years.

The first production of the opera at the London Coliseum was almost 20 years ago in January 1976. It marked a turning-point in the fortunes of English National Opera. The company had recently adopted its new name and was struggling to rebuild after a damaging strike that had torn morale to shreds and left the theatre closed for six weeks. Headlines such as "NATKE members stage mid-performance walk-out" tell their own story. How times change!

Now, two decades on, *Der Rosenkavalier* is back. And again ENO stands at a crossroads. The all-powerful triumvirate which ruled for over a decade has departed, while the newcomers have not yet had time to put their stamp on policy. They are probably right that the old production of the opera had had its day. This replacement may not surpass or even equal it in some respects, but that does not necessarily mean that the company is heading downhill.

If memory serves, the ENO orchestra plays a good deal better than it used to. Given that *Der Rosenkavalier* is such a lofty summit for a company to climb, it is surprising that Sian Edwards, the new Music Director, is not in charge. Yakov Kreizberg, a guest conductor of noted promise elsewhere, must take credit for the best features of the playing, but he does let the opera drag. The opening prelude, an explicit depiction of a night of passion, set out without thrust or energy, as though Octavian was half-hearted about getting on the job. The final act drooped way before the climax.

To some degree that is reflected on stage. As in his first production for ENO (*The Marriage of Figaro*) Jonathan Miller is more interested in observing the period social decorum on the surface than releasing the passions that burn below.

The period that he gives us here is not the 18th-century reign of Maria Theresa intended by Strauss and Hofmannsthal, but the Edwardian era of *Upstairs, Downstairs*. By this time Vienna was in decline, which Miller evidently feels is more appropriate to Strauss's decadent music. Among the phantoms in the Act 3 charade is a first world war soldier, looming ominously over the comedy below.

*Jonathan Miller is more interested in observing the period social decorum on the surface than releasing the passions that burn below*

There is no Rococo finery left in the Marschallin's bedroom. Its walls are bare, the furniture sparse, not even a clock for her to stop during the night. It is surprising to find breakfast still served by little black Mahomet. This can be a passionate scene with Octavian rolling on the Marschallin's lap, but not here. He just gives her a peck on the cheek – a shame, as Sally Burgess's self-confident Octavian, a naughty-looking boy with a cheeky smile, would surely demand more. Everything she does would be really involving, if only the top notes did not glare so.

For the second act we move to the most impressive of Peter J. Davison's sets, a rather modern-day nouveau riche mansion, adorned outside by a splendidly vulgar line of huge, bronze, mock-classical statues. In the hall Rosemary Joshua's Sophie, a shallow girl without a lot of charm, awaits her husband-to-be. What she gets is the exhausting, larger-than-life Baron Ochs of John Tomlinson, a lecherous county squire, who is forever stalking his prey. Joshua was nervous for the Presentation of the Rose, but found her silvery top notes later; Tomlinson was relentlessly loud, but made every word of Ochs's long role clear – a major bonus.

Among the large cast Christopher Booth-Jones was a no-nonsense Faninal (Miller excises much of the traditional comic business, though without putting anything in its place). Claire Powell and Nicholas Buxton turned the Italian intriguers into a very highly-coloured pair. Peter Bronder sang the Italian tenor without overt parody. It was good to see Eric Shilling, an ENO old-timer, back as the Notary.

More important, it was good to hear again Anne Evans, who sang the role of the Marschallin in that previous production two decades ago. I happen to believe that the Marschallin is younger in spirit than she makes her, not so defeatist in her outlook on life and love, but that may be because Kreizberg's slow speeds introduced a mood of moroseness into her scenes, also sometimes dragging her down in pitch. The dignity of her portrayal is happily remembered from before, its heartfelt warmth and sincerity, too.

Since 1976 Evans has gone forth to take her place on the international stage, Tomlinson too, both of them notably at Bayreuth. It is a mark of what has happened at ENO that it can now field a world-class Brünnhilde and Wotan in the cast. Expectations are higher these days and that means that a middling achievement like this *Rosenkavalier* can come as a disappointment. Perhaps, in fact, we should be counting ourselves lucky.

**Performances continue until March 16**

# A history lesson in contemporary paint

*Lynn MacRitchie on two intelligent exhibitions which claim for art a conscious political and social position*

Two stimulating London shows complement each other neatly, perhaps because each is the work of that very smart curator, Maureen Paley. In *Symptoms of Interference, Conditions of Possibility* at the Camden Arts Centre, she has brought together work by Ad Reinhardt, Joseph Kosuth and Felix Gonzalez-Torres, offering an history lesson which provides a valuable foundation from which to explore *Wall to Wall*, a three venue show of wall painted works which opens at the Serpentine Gallery.

The Camden show illustrates the interrelation between three generations of radical American artists. In the two years before his death in 1967, Ad Reinhardt, America's first purely abstract artist, famous for his "Black Paintings", met Joseph Kosuth, born in 1947 and one of the first conceptual artists, who acknowledged his formative influence just as Felix Gonzalez-Torres, born in 1957 and too young to have known Reinhardt, acknowledges that of both.

All three share a belief in the power of art to make profound, and profoundly political, statements. Ad Reinhardt's was the dissenting voice as abstract expressionism triumphed in the US after the war, arguing that art should be generated in and of itself, following its own laws and disdaining the pressures of the market. Reinhardt's intellectual purism was grounded in political radicalism: during the 1940s, he drew cartoons for the socialist publications *The New Masses* and *PM*. "People are blocked from understanding and enjoying modern art because someone, somewhere, got the notion that an 'artist' was a 'picture maker'", the cartoon entitled "How to look at an artist", drawn for *PM* in 1946, declares.

He proved his point with the "Black Paintings", three of which, from 1953, 1962 and 1966, are shown. Here are "pictures" of nothing, their beauty the delicate interplay of black against black.

For Kosuth, life was more complicated. The relative simplicity of Reinhardt's oppositional stance was no longer effective in the 1960s against an art market capable of transforming the most radical art into desirable commodities. Kosuth began to experiment with ways of making the questioning of the artistic process part of the way an art work is perceived. He began to make art out of words.

Simple at first, photocopied extracts from dictionaries, for example, the works became more and more complicated, the range of source material spreading from philosophy to the popular press. At Camden, Kosuth shows "the Thing in-itself is found in its Truth through the loss of its immediacy" an installation made with blown up photographs of newspaper clippings. First shown at Leo Castelli in New York last year, it has been reworked to include texts from English newspapers, hung head high around a room, juxtaposed with cartoons, photographs and quotations from Kafka.

Walking into a room lined with words and blurry blown up newsprint images, the effect is surreal: their increased scale and careful grouping demand a more searching scrutiny than the swift scan that is their usual lot. Now, the crazy cast which could have been dismissed with an uncomfortable glance as the page was turned (dead drunk Serbian snipers, Lorena Bobbit the penis severer, Boy George in a hat adorned with horns shaking hands with Yitzhak Shamir) gaze out in silent witness that meaning is something which must be constructed, not simply assumed.

Gonzalez-Torres has the lightest touch. His politics seem more personal, his inclusion of the audience more gentle – he piles up sweets on the gallery floor in "Untitled (Public Opinion)" and invites them to help themselves, stacks blank black photocopies in an pile and calls it "Party Platform", makes small, black, pictures-with-words like miniature Kosuths where names and dates – Pol Pot 1975, Prague 1968, Robocop 1987 – wait for the viewer to make the connection, the human response which brings the meaning alive.

The spectator is also required to be alert at the Serpentine, where in *Wall to Wall* the most successful pieces work like installations, making the fullest use of the space. Lothar Baumgarten's "Imago Mundi", 1988-89, is best, a political message about the effects of colonialism on the perception of other cultures spread across the elegant entrance hall in juxtaposed names of countries and colours. Michael Craig Martin overwhelms with his wonderful colour, the solitary, carefully painted every day objects – chair, filing cabinet, book – seeming to hover before their separate walls of vivid blue, green or pink. The rest are weaker stuff, both in concept and execution.

Neither show is easy, and each is of the kind – subtle, cerebral, serious in purpose, claiming for art a conscious and engaged social position – now so readily mocked.

Tough old Ad Reinhardt, best of the lot, knew how to deal with that sort of thing. One of his cartoons shown at Camden includes two cherubs in conversation. The first says, "I don't know anything about art but I know what I like." The second replies, "Yes, isn't it nice that the obligation to be intelligent doesn't extend to the field of art." That's telling them, Ad.

*Symptoms of Interference, Conditions of Possibility;* **until March 6, Camden Arts Centre, Arkwright Road, London NW3 6DG. Tel 071 435 2643.** ***Wall to Wall,*** **until February 17, Serpentine Gallery, Kensington Gardens, London W2 3XA. Tel 071 402 6075. Continues, with different artists, at Southampton City Art Gallery and Leeds City Art Gallery.**

*INTERNATIONAL*

# ARTS GUIDE

## Berlin Faust cycle

**After last season's illuminating Hölderlin cycle, Claudio Abbado has chosen Faust as his latest programmatic theme with the Berlin Philharmonic Orchestra. In coming months, Berlin audiences will be able to attend concerts, literary readings, films and an exhibition, all inspired by the legend of the man who sells his soul to the devil in return for wisdom, wealth and women.**

**As with Hölderlin, Faust offers plenty of scope to the imaginative programme-planner. The cycle begins on Feb 12 and 13 with Mahler's Eighth Symphony, the major part of which is a setting of the closing scene from Goethe's play. A starry line-up of vocal soloists includes Cheryl Studer, Anne Sofie von Otter and Bryn Terfel, with Abbado as conductor.**

**In early March, Gerd Albrecht conducts extracts from Busoni's opera Doktor Faust. In April, Simon Rattle conducts Liszt's Faust Symphony. Concerts in late May and early June are devoted to Berlioz's La Damnation de Faust (with Sergei Leiferkus, Vinson Cole and Waltraud Meier, conducted by Seiji Ozawa) and Schumann's Scenes from Faust, conducted by Abbado.**

**Abbado has encouraged other artists and institutions in Berlin to contribute. Pupils of Dietrich Fischer-Dieskau will give a recital of songs inspired by the Faust legend (Feb 27). German actor Bruno Ganz will read extracts from Thomas Mann's Doktor Faust (March 1), and Peter Stein will give a series of Goethe readings in May.**

**The film season includes René Clair's La beauté du diable (1949), Gustaf Gründgens' legendary interpretation of Goethe's play (1960), Polanski's Rosemary's Baby (1967), Tarkovsky's Solaris (1972) and Szabo's Mephisto (1980).**

**The cycle ends in June with a Faust evening at the Hebbel Theater, devised by Stéphane Braunschweig and Giorgio Barberio Cordetti, drawing on Faust texts by Mann, Marlowe, Goethe, Baudelaire and Hans Christian Andersen.**

**● Berlin Philharmonic Orchestra, Matthäikirchstrasse 1, D-10785 Berlin. Tel 030-261 4383 Fax 030-251 4887.**

## ■ EXHIBITIONS GUIDE

**AMSTERDAM**

**Rijksmuseum** Dawn of the Golden Age, Northern Netherlandish Art: 350 works offering a magnificent survey of art in the Netherlands around 1600. Ends March 6. Dutch Figure Drawings 1700-1850: a survey of a popular genre in Dutch art of the 18th and 19th centuries. Ends May 1. Closed Mon

**Museum Het Rembrandthuis** The Netherlands from Life: 90 prints of landscape and rural life by Ruisscher, Rembrandt, Van de Velde and others. Ends March 6. Daily

**Van Gogh Museum** Georges de Feure and Félix Bracquemond: retrospective of the Dutch Symbolist painter and the late 19th century French printmaker. Ends Feb 13. Daily

**Stedelijk Museum** Mario Merz, Berend Strik, Maria Lassnig: the work of three contemporary European artists placed in the context of paintings by Giovanni Segantini, Markus Lüpertz, Joseph Beuys and Donald Judd. Daily

**BERLIN**

**Schloss Charlottenburg** The First Europeans: artefacts of archaeological, scientific and artistic interest, painting a picture of early European civilisation. Ends Feb 18. Daily

**Brücke Museum** Fritz Bleyl (1886-1976): more than 100 drawings, watercolours and prints by one of the founders of the Brücke. Ends May 16. Closed Tues

**BERNE**

**Kunstmuseum** Paul Klee: after 18 months of renovation, the museum reopens today with a new showing of its magnificent Klee collection, supplemented by loans from the artist's family - representing in total around 40 per cent of Klee's output. Closed Mon

**BONN**

**Kunst- und Ausstellungshalle** Bunuel, Eye of the Century: a tribute to the Spanish film director (1900-83) in the form of 300 paintings, sculptures and drawings by his closest contemporaries such as Dali, Ernst, Magritte, Giacommetti and Man Ray, plus 400 film stills and a film retrospective. Ends April 24. Gerhard Richter (b1932): 100 works by the leading postmodern German artist. Ends Feb 13. Closed Mon

**COPENHAGEN**

**Statens Museum for Kunst** Fra Bartolommeo: 100 drawings by the Florentine master, showing sketches for altar paintings. Ends March 6. Closed Mon

**FRANKFURT**

**Schirn Kunsthalle** Archaeological Treasures from Romania: 500 objects documenting 6,000 years of history, including weapons, jewellery, gold and silver. Ends April 17. Daily

**Jahrhunderthalle Hoechst** Ernst Ludwig Kirchner: watercolours and drawings from the Brücke Museum in Berlin. Ends March 20. Daily

**Städel** Landscape and Interior: 19th century French and German prints. Ends Feb 28. Closed Mon

**HEILBRONN**

**Städtische Museen** Catalonian Sculpture of the 20th Century: 80 sculptures by 18 artists, including Miro, Picasso, Dali and Taples. Ends April 10. Closed Mon

**LONDON**

**National Gallery** Claude: The Poetic Landscape. Ends April 10. Daily

**Victoria and Albert Museum** Fabergé: 350 treasures created by the House of Fabergé in imperial St Petersburg. Ends April 10. Daily

**Royal Academy of Arts** Art of the Ancient World: 300 masterpieces from the George Ortiz collection. Ends April 6. The Unknown Modigliani: 400 drawings created between 1906 and 1914. Ends April 4. Daily

**National Portrait Gallery** Holbein and the Court of Henry VIII: 28 portraits and five miniatures from the royal collection at Windsor. Ends April 17. Daily

**Accademia Italiana** Renaissance Florence: The Age of Lorenzo the Magnificent 1449-92. Ends Feb 27. Daily

**NEW YORK**

**Guggenheim Museum** Robert Morris (b1931): 170 works representing the most comprehensive survey of the American minimalist artist's work to date, and focusing on sculptures, drawings and performance works. Ends April 17. The main museum is closed on Thurs, the SoHo site on Tues

**Metropolitan Museum of Art** Lucian Freud: 80 paintings, drawings and etchings by Britain's greatest living realist painter. Ends March 13. Degas Landscapes. Ends April 3, 16th Century Italian Renaissance Drawings in New York Collections: little-known works by Raphael, Michelangelo and Titian. Ends March 27. Closed Mon

**PARIS**

**Louvre** Egypt's Role in Western Art 1730-1930: paintings, furniture, porcelain, jewellery and other works of art, illustrating how ancient Egypt has gripped the western imagination over the centuries. Ends April 18. Closed Tues

**Musée d'Orsay** Les Nabis. Ends Feb 13. Closed Mon, late opening Thurs

**Musée d'Art Moderne de la Ville de Paris** Around a Masterwork of Matisse: three monumental versions of the Dance. Ends March 6. Closed Mon (11 ave du President Wilson)

**Musée du Luxembourg** The Glorification of Saints in the Limousin Region: 100 examples of religious art from the Middle Ages to the 20th century. Ends March 9. Closed Mon (19 rue de Vaugirard, on edge of Luxembourg gardens)

**Versailles** Versailles and the Royal Tables of Europe from the 17th to 19th centuries. Ends Feb 27. Closed Mon

**ROTTERDAM**

**Museum Boymans-van Beuningen** Italian Paintings 1300-1500: 26 paintings by early artists from northern and central Italy, complemented by a wide selection of contemporary prints and drawings. Ends Feb 27. New Glass in Japan: 100 recent works by 23 artists, illustrating what distinguishes Japanese art glass from its European and American counterparts. Ends March 27. Closed Mon

**VENICE**

**Museo Correr** Pietro Longhi: an exhibition of oil paintings, comprising mainly elegant genre scenes, by the Venetian rococo artist. Ends April 4. Daily

**VIENNA**

**Kunsthalle** Archigram: drawings, models and multimedia installations illustrating the work of the British architectural group comprising Warren Chalk, Peter Cook, Dennis Crompton and Michael Webb. Ends March 15. Closed Tues

**Secession** Brice Marden (b1938): 20 paintings showing the American artist's interest in oriental calligraphy. Ends March 13. Closed Mon

**Kunsthistorisches Museum** Baroque in Naples 1707-34: Neapolitan art from the era of the Austrian Viceroys. Ends Feb 20. Closed Mon

**Jüdisches Museum** Jewish Vienna: a cultural history of Jews in the city. Ends May 15. Closed Sat

**WASHINGTON**

**National Gallery of Art** Egon Schiele: 70 works by the Viennese painter and draftsman who, in his short, turbulent but productive life, established himself as the leading figure of Austrian Expressionism. Ends April 24. Renaissance Portrait Medals. Ends May 1. Daily

**Phillips Collection** Brancusi: photographs and sculpture by the Romanian modernist whose most successful works were often simple, highly-polished shapes. Ends April 17. Daily

**National Museum of Women in the Arts** Artists of the Arab World: 160 works by painters and sculptors from 15 Arab countries. Ends May 15. Judith Leyster: 10 works by the 17th century Dutch genre painter. Ends April 3. Daily

**Walters Art Gallery** A Bouquet of French Manuscripts: rare works from the late Middle Ages and Renaissance. Ends April 10. Closed Mon

**WINTERTHUR**

**Kunstmuseum** Sol LeWitt (b1928): 400 coloured drawings by the American minimalist. Ends March 13. Closed Mon

PERSONAL VIEW

# Experiment in democracy

## David Hale on the explosive growth of US mutual funds

In the modern era, industrial countries have typically organised their financial systems around either a universal banking model encompassing many financial services or a hybrid structure which separates commercial and investment banking. The US is now creating a new system, in which mutual funds are overtaking banks as the main repositories of household wealth and suppliers of capital to small and medium-sized companies.

The US mutual fund industry now has about $2,000bn in assets, equal to about 85 per cent of bank deposits, against barely 10 per cent in the early 1980s. The industry has about $670bn in equities and $760bn in taxable and non-taxable bonds, plus $580bn in money market funds. This asset growth has been matched by a large expansion in mutual fund shareholding – 28 per cent of US households own a mutual fund, against 6 per cent in 1980.

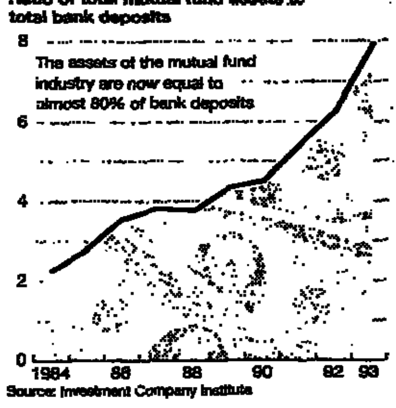
Behind this expansion has lain an accommodating monetary policy designed to rescue American banks from a sharp rise in non-performing real estate loans. This policy has enabled banks to bolster lending margins, earn healthy profits from long-term government bonds and restore their equity/asset ratios to the highest level since the early 1960s. But low money market yields and a positive yield curve have also encouraged households to shift savings from banks into higher-yielding instruments, such as mutual funds.

So far the consequences have been benign. First, mutual fund growth has provided a new channel for monetary policy to buoy the economy by broadening the number of households able to benefit from rising bond and equity prices. Appreciation of financial asset prices has been one of the main transmission mechanisms employed by the Federal Reserve, the US central bank, to revive the economy.

Second, the mutual fund boom has helped facilitate an expansion of securitised forms of credit at a time when commercial banks have pursued more conservative lending policies. During 1993, there were 571 non-financial initial public offerings in the US stock market, raising about $25bn, against 447 worth $19.4bn in 1992, 330 ($13.8bn) in 1991, and 150 ($4.2bn) in 1990. The search for higher yields has also revitalised the so-called "junk bond market". In 1993, Wall Street sold about $57bn of non-investment grade bonds, against $42bn in 1992, $17bn in 1991 and $2.9bn in 1990. These developments have improved access to equity and debt finance for small and medium-sized companies, helping to spur faster employment growth.

**US mutual funds: way ahead**

Ratio of total mutual fund assets to total bank deposits




Net assets of mutual fund industry ($bn)

| | |
|---|---|
| 1960 | 17.0 |
| 1965 | 35.2 |
| 1970 | 47.6 |
| 1975 | 45.9 |
| 1980 | 134.8 |
| 1985 | 495.5 |
| 1990 | 1,066.9 |
| 1991 | 1,346.1 |
| 1992 | 1,599.9 |
| 1993 | 2,006.0 |

Source: Investment Company Institute

Although the mutual fund boom had positive economic side-effects in 1993, the extent of current changes in US household savings flows raises questions about regulatory policy and stability in the financial markets.

The first concern is: what will happen to retail savings flows and household wealth when interest rates rise and share prices fall?

The household sector is vulnerable to losses from declining asset prices if interest rates rise sharply. In 1993, bond and equity mutual fund assets were equal to 15.6 per cent of discretionary household financial assets, against 3.8 per cent in 1985. This growth in bond and mutual fund portfolios has been partially offset by a large fall in direct household holdings of equities – from 46 per cent of discretionary financial assets in the early 1970s to 27 per cent last year. As a result, the household sector's total holdings of financial assets, potentially subject to sharp price fluctuations, has not risen to new highs but returned to levels close to the early 1970s peak.

The second set of issues raised by the mutual fund boom centres on government supervision of the financial system. The government has traditionally required the commercial banking sector to ensure capital adequacy and promote various social objectives. But in mutual fund regulation, its main aim has been to promote adequate disclosure so consumers can decide if a product suits them; it has not tried to impose social investment guidelines or capital adequacy rules. Hence, bankers complain the government is pursuing asymmetrical regulatory policies just as there is shrinkage in some traditional areas of their business.

This problem may resolve itself via banks entering the mutual funds business and the creation of a two-tier government deposit insurance system. It would provide guarantees for only a core of low-yield deposits invested in safe assets, such as Treasury securities, while deposits in riskier assets would be uninsured. US banks already have nearly $180bn of mutual fund assets under their control.

The final consequence of the mutual fund boom could be a change in the ownership of corporate America and in popular perceptions of capitalism. The main factor driving recent mutual fund growth has been low interest rates. But the industry has also benefited from changes in the way Americans save for retirement. While defined benefit pension plans used to dominate these savings, there is a shift now to defined contribution plans. These enable participants to allocate savings between a variety of mutual funds. Defined contribution plans are already equal to 90 per cent of defined benefit plans, up from 52 per cent in 1985.

Peter Drucker, writer and economic consultant, argued in his book *The Unseen Revolution* in 1976 that the US was evolving towards a pension fund form of socialism, in which retirement plans would own most US industry and alter worker attitudes towards business. But his argument was misdirected because defined benefit plans, which then prevailed, offered workers guaranteed returns, not the right to choose between funds with divergent returns. Today, retirement plans are expanding their ownership of the stock market but not producing a form of pension fund socialism. The US is, instead, embarking upon a new experiment in the democratisation of bond and equity ownership through a mixture of mutual funds, defined contribution pension plans and direct ownership of securities.

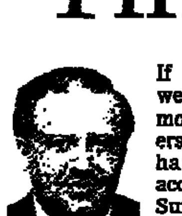
US politicians have not yet fully grasped the significance of this development because financial markets have been in a bull mode for the past three years. But by the next presidential election in 1996, the performance of the bond and stock markets could be more important political variables than ever before. Ironically the great economic risk facing the Clinton administration is not that real annual GDP growth will return to a sluggish pace which leaves unemployment unchanged. Rather it is that the US now experiences an economic upturn so robust that interest rates have to rise sharply, puncturing the post-1991 bull market in stocks and bonds.

How can Clinton avoid this danger? The best option would be to engineer a mid-term stock market correction via higher interest rates in late 1994 or 1995, setting the stage for a new bull market in 1996.

*This is an edited version of a paper presented at the Davos World Economic Forum by the author, chief economist of Kemper Financial Companies*

## Joe Rogaly

# Time-out for the Tories



If the coming weekend is like most of the others to which we have become accustomed the Sunday papers will call for Mr John Major's head. Come to think of it, the axeman's cry is frequently heard on weekdays as well. It is misplaced. A new prime minister would not solve Britain's problems; nor would any known candidate necessarily reunite the Tories. What is required is a new government.

First elected in 1979, this Conservative administration has worn itself out. The party's authority will return one day but it needs a period away from the distractions of office. A few years of relief from care and responsibility – all those loyal worthies to put in charge of all those quangos – would give it time to reconnect its thinking with the concerns of the electorate. When they are ex-ministers some of the brighter members of the cabinet may come to understand that focusing on the outstanding element of the 1980s mix – the efficacy of the market allied to the cult of the individual – is not a sufficient foundation for governance in the present decade or the forthcoming new century. This broadening of thought is impossible while the Tories, who have lost their reputation, remain nominally in power.

On a previous occasion I observed that the factions we see today might be compared to the Christian Democrats and liberals of continental European politics. Such a pair is in open coalition in Germany; in Britain the two traditions are found within the one party. Some of our economic liberals have souped themselves up with an inhalation of little England nationalism. This internal Tory coalition has ceased to function with the smoothness necessary for competent government.

Attempts to keep its component parts in balance are always difficult, and cannot succeed while the government's majority is so small. If an administration is to be strong, and successful, one faction must appear to prevail, as the liberal nationalists did while the then Mrs Margaret Thatcher was prime minister. The Christian Democrats had their day under Harold Macmillan and Edward Heath. Whoever is in the driving seat, the opposing faction must never be pushed too far, as Lady Thatcher almost always recognised and Mr Heath rarely did.

**A new prime minister would not solve Britain's problems; nor would any known candidate necessarily reunite the Tories**

If the latter approach is not possible a workmanlike understanding between the two tendencies must be reached. Mr Macmillan, as he was known while in Downing Street, kept everyone guessing. In the end he destroyed himself. What we have at present is a daily attempt to create a compromise that will get the government through the night. The result is a series of panicky decisions and policy reversals, not to mention regular relaunches and repositionings of the overall strategy. Such confusion is debilitating for a party in power, although in opposition it might be classed as honest debate.

This week, for example, the government has been obliged to retract clauses that would centralise control over the police and subject the running of magistrates' courts to private-sector management theory. It is in difficulties elsewhere, as with its plans to prevent undergraduates from using student union funds in the experimental and idealistic manner that is expected of the young, and in further attempts to wipe local government off the map.

In ordinary circumstances such a list of setbacks would constitute welcome evidence that the democratic process was working as we idealists believe it should. Government proposes; Parliament, assisted by public opinion, amends. The result is better legislation. These are not, however, ordinary circumstances. The legislative programme is in difficulties because, as a senior member of the cabinet put it this week, the government is attempting to reach those parts of the body politic that Lady Thatcher herself never dared to approach. The latter privatised the easy targets. The ministry that has succeeded her is unwilling or unable to switch off a machine it only half understands. It has become the sorcerer's apprentice of privatisation. What it cannot sell – schools, say, or hospitals or police authorities – it attempts to insulate from local democratic control. Self-perpetuating boards, well hidden from disturbing influences such as the voters, take over. The command lines lead back to Whitehall.

It is not done very well. When the prime minister was in a particularly deep hole last summer the cabinet decided to restrict the 1993-94 programme of new bills to what was politically uncontroversial and likely to be popular. Those responsible for getting the business through – the chief whip, Mr Richard Ryder, the leader of the House of Commons, Mr Tony Newton, and the leader of the Lords, Lord Wakeham – wanted even less. They argued for a quiet life, a period of consolidation. This made political sense, since the government's best hope lies in keeping very still while a rising economy floats it back to acceptability. The actual programme chosen – with law and order, education and deregulation to the fore – was a compromise. It is clear from the squalls in the House of Lords that even as such it was too much for Parliament to swallow without gagging.

You cannot conclude from the above exposition that Labour has the answers. It doesn't. It might produce some mild constitutional change but, in terms of a fresh philosophy or even specific ideas the people's party has little to offer. Instead of using its present term of opposition as the Tories would, namely to refresh itself, it has become cataleptic. Its sole merit as a potential party of government is that it has not been discredited by appearing to rot after too long a period in office. This is not good enough. It looks as if it is preparing to ask us to vote for it in 1996 on the single argument that the Tories have been in for 17 years and that it is only fair for Buggins's crew to be given a chance. Labour should be careful. Many voters will gag at that too.

In short, we cannot be certain that we will see the back of either Mr Major or his government, even after the next election. Disenchantment today does not mean relief tomorrow. We know what Labour's selling point will be. The Tories, broken-down, discredited and exhausted, might yet top it, if the vote comes on the crest of a boom, following a tax cut, and after a campaign that exposes the emptiness of the alternative.

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## M&G share scheme criticism unjustified

*From Mr L E Linaker.*

Sir, The M&G Group's proposal for renewing its executive share option scheme has attracted a certain amount of interest and ill-informed comment from some quarters because it does not conform in one respect to the joint guidelines of the National Association of Pension Funds and the Association of British Insurers.

We are firmly of the view that performance benchmarks for the exercise of options may not be in the best interests of shareholders. In fact, the guidelines themselves acknowledge the difficulties of prescribing a measurement of performance and have side-stepped the issue by passing responsibility to the remuneration committees of public companies.

M&G has always been a strong supporter of employee share schemes as they provide a powerful motivation for management. We like the identity of interests between executives and their shareholders which options particularly provide and we like to see executives' interest in option shares held long-term. Furthermore, we like to see options dribbled out in relatively small amounts over a period of years.

Not only do we consider that the application of guidelines is inappropriate for the management of our own business, but we feel that they are misguided in respect of a broad range of British companies.

M&G has substantial investments in a large number of medium and small companies in a wide range of industries. We believe it is impracticable to introduce fair benchmarks for these companies in all their different circumstances at a time when the process of establishing the role and responsibility of remuneration committees is in its early stages. Remuneration committees should focus on the effectiveness of the executive directors and on their individual contributions. Options and, indeed, their packages should be reviewed in this light.

Our main concerns regarding benchmarks are:

1. There is a danger they could influence management to act in their own short-term interests rather than in the long-term interests of the company. They could, therefore, lead to a conflict of interest.
2. We would argue that, just because a company has, over a given period, performed below some performance yardstick, this is no guarantee that management has not worked hard and, indeed, performed well in the circumstances. In periods of recession manufacturing companies in particular will find it difficult to meet many benchmarks.

The recent recession, which has had a very severe impact on the financial performance of many well-managed companies, illustrates this point vividly.

3. Benchmarks may tend to encourage executives to exercise their options earlier for fear of being locked out at a later date. We would much prefer and, indeed, encourage management to retain their interests in their company for as long as possible.
4. It is extremely difficult to arrive at a satisfactory benchmark. A benchmark tied to earnings would seem to be most inappropriate and we have all seen how earnings per share can be manipulated through changes in accounting procedures. Benchmarks tied to relative performance against the index or sub-section of the index are again full of difficulties.
5. There is a real danger that some companies, in their search for benchmarks, will choose guidelines that are too demanding and which will result in unwise corporate strategies being pursued, for example Burton.

At M&G we are proud to have played a leading role in the development of good corporate governance over the past 30 years and we shall continue to speak out with an independent voice on what we consider to be in the best interests of British industry. There is no such thing as a perfect share option scheme but we believe that benchmarks will create more problems than they solve.

The NAPF, in its effort to eliminate unearned reward in a few cases, is in serious danger of throwing the baby out with the bath water.

L E Linaker,
*deputy chairman and managing director,*
*M&G Group,*
*Three Quays,*
*Tower Hill,*
*London EC3R 6BQ*

## Pensions view challenged

*From Mr D J Parry.*

Sir, Commenting on Marks and Spencer's move into personal pensions, Lex writes (February 2): "The mass market may be better served by a standardised M&S financial product than the inappropriate personal pensions many have thus far been sold." Why? Is he implying that M&S's in-house pension quality will be as good as its knitwear? The M&S unit trust performance figures hardly support that idea.

Or is he implying that the strictly salaried salesforce will not use any of the usual selling techniques? Does he seriously believe that the salesforce will be free from all pressures of individual sales targets imposed by management?

Your writers above all should know that independent financial advisers alone can provide informed and impartial advice across the whole of the pensions spectrum.

Moreover, we are required by law to assess the whole of the marketplace when advising each individual. M&S salesmen will, of course, be free from any such commercially onerous duty.

What makes Lex think that M&S financial products sold by its staff are, or will be, any whit less "inappropriate" than those sold by any other tied salesforce?

D J Parry,
*chairman,*
*Derek Parry,*
*Fortfield Chambers,*
*Sidmouth,*
*Devon EX10 8NY*

## Level of bank's doubtful loans

*From Mr Lino Benassi.*

Sir, In his article, "BCI improves 1.8 per cent to L368bn" (January 27), Robert Graham says: "The proportion of doubtful loans in BCI's portfolio rose to 3.3 per cent from 2.9 per cent – but this was almost the average percentage for the Italian banking system." Although the figures are correct for BCI's *domestic* loans (the figures for all loans are 2.8 per cent in 1993, compared with 2 per cent in 1992), the comment comparing them with the Italian banking system is misleading. In October 1993 (the most recent date for which figures are available), BCI's doubtful loans were actually around half the level of those for the Italian banking system as a whole, which were 6.4 per cent, compared with 5.7 per cent in 1992.

Lino Benassi,
*finance director,*
*Banca Commerciale Italiana,*
*Piassa della Scala, 6,*
*Milan,*
*Italy*

## Advisers in favour of regulation, not PIA

*From P L Tann.*

Sir, In response to your article, "Squabble may spoil life's ambition" (January 26), your readers may be intrigued to learn that at a large meeting of members of Countrywide Independent Advisers last week there was almost 100 per cent support for statutory regulation rather than the Personal Investment Authority.

The primary objection was that the constitution of the proposed board is seen to favour public interest groups; put another way, self-regulation is no longer self-regulation.

What is interesting is that these are independent financial advisers speaking. IFAs are not normally known for expressing views in favour of any sort of regulation, let alone statutory regulation. But IFAs have come a long way. Like others they see the proliferation of different regulators for different parts of the personal investment sector to have been a signal failure of the Financial Services Act and welcome the rationalisation proposed.

Regulation is good for IFAs. It has very positive marketing advantages. IFAs are in favour of a single regulatory body with status, stature and teeth. Who better than the government? Government will be fairer than the PIA as proposed.

Mr Joe Palmer, PIA chairman, thinks it would be a waste of effort and resources if the PIA were not now to proceed. Surely this is not so. The cumulative experience in getting us thus far would be absorbed by government. Many of the people involved would be available to government. It is a nonsense to imply that government would be starting afresh. Furthermore, if all the PIA has done is to crystallise thinking, it will have been worth it.

P L Tann,
*chief executive,*
*Countrywide Independent Advisers,*
*Littlegate House,*
*St Ebbe's Street,*
*Oxford OX1 1PS*

## Marque still in the right hands

*From Mr Laurence Cook.*

Sir, Am I alone in thinking that the BMW-Rover deal is a positive development? What on earth is wrong with a famous marque remaining in European hands?

Laurence Cook,
*7B Pender Road,*
*Singapore 0409*

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

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# Hosokawa's balancing act

Japanese politics is changing fast, as the hostile domestic political reception to Prime Minister Morihiro Hosokawa's latest Y14,000bn (£84bn) fiscal package designed to boost the Japanese economic recovery reveals. Mr Hosokawa's proposed tax package – a combination of immediate income tax cuts and a deferred rise in the consumption tax – has cautious Finance Ministry (MoF) and US government approval. But that, it seems, is no longer enough. Managing a fractious coalition in Japan's new democracy means that the prime minister must take other interests into account, not least the wishes of his coalition partners.

The sticking point, currently holding up announcement of the economic package, is a planned rise in Japan's consumption tax from 3 per cent to 7 per cent from April 1997. The MoF, worried about the profligate tendencies of Japan's politicians, has fought tooth and nail to ensure that the tax package is revenue neutral. It calculates that the Y6,000bn income tax cut, combined with extra welfare spending to soften the blow of the consumption tax increase and the cost of servicing extra borrowing before the consumption tax rises, will mean a combined cost of Y9,500bn a year after 1997. A 4 percentage point increase in the consumption tax should cover this.

## Jeopardise recovery

The US government, keen to see the Japanese government boost consumption, increase imports and so reduce its trade surplus, has consistently opposed this increase in consumption taxation on the grounds that it will jeopardise recovery. But it has also made it clear that a deferred consumption tax rise would be fine so long as the net effect of the package is large enough.

How stimulatory Mr Hosokawa's package will actually prove to be will not be known until the full details are released. The MoF's baffling determination to announce the headline value of fiscal packages, while refusing to disclose a baseline figure against which the extra spending and tax cuts can be compared, makes reading Japanese fiscal pronouncements difficult. But the fact that the US Treasury secretary, Mr Lloyd Bentsen, gave a cautious endorsement of the proposed package suggests Mr Hosokawa got the international politics right.

Whether the package as planned would deliver the Japanese recovery that the US Treasury wants is more doubtful. The problems in the Japanese banking system and the current strength of the yen suggest that a further easing of monetary policy would be more effective, especially if reinforced by a rise in US rates. But widespread deregulation of the economy is the only way to reduce the trade surplus permanently

## Bad miscalculation

Yet Mr Hosokawa, flush perhaps from last week's success in forcing through his electoral reform bill, appears to have badly miscalculated domestic opposition to higher consumption taxes, even in deferred form. By renaming the tax a "people's welfare tax", suggesting a link to higher welfare spending, he appears to have reasoned that, despite Socialist opposition, support from the rest of the coalition and the LDP would carry the measures through. But the strength of opposition across the coalition, the LDP and the Japanese press suggest that Mr Hosokawa may be fighting a losing battle.

To ignore the MoF's concerns and simply remove the consumption tax increase from the package would be a mistake. Both Japanese and international experience suggests that unstable politics can easily lead to fiscal profligacy. But the MoF's insistence on a revenue-neutral package is unnecessarily severe. Even after four previous fiscal packages, the OECD calculates that Japan had a structural (cyclically adjusted) budget *surplus* equal to 0.8 per cent of gross domestic product last year, compared with deficits of 3.3 per cent in the US, 3.7 per cent in Germany and 5 per cent in the UK.

What the prime minister needs is a compromise which satisfies the MoF and holds together the coalition and allows him to pursue the deregulatory agenda which is the key to trade relations with the US. If a smaller rise in the consumption tax is the price for a deal, then the MoF must be prepared to accept it.

# Public pay arithmetic

The British government was right yesterday to accept the recommendations of pay review bodies covering teachers, nurses, doctors, the armed forces and top public officials.

A decision to override the recommendations for a second year in a row would have fatally undermined the independent pay review system. This has been valuable in depoliticising the setting of pay rates for over 1.5m workers who account for about a third of all public-sector staff.

Moreover the pay increases, which are mostly in the 2.75 per cent to 3 per cent range, seem a reasonable compromise between employer and employee interests. The rises are certainly greater than ministers would have liked. But they are also less than the employees were seeking. Once April's tax increases bite, affected workers will still be worse off in real terms.

It was also good to see the review bodies inching in the direction of more decentralised pay-setting. Pay should be set by reference to the balance between supply and demand in local labour markets. Much more needs to be done on this score.

In a sense, though, accepting the recommendations was the easy part of the government's task. Now comes the hard part: squaring the pay increases with the government's stated policy of freezing the public sector pay bill in cash terms.

The government has been consistently mealy-mouthed about what this policy means since it was announced last September and extended from a one-year to a three-year freeze in November's Budget. In particular, ministers have sought to give the impression that provided people work hard and improve their productivity, not only will pay rise but there will be no need to cut jobs.

## Simple arithmetic

Greater productivity is desirable. But it is irrelevant to the government's policy of a pay bill freeze. If pay increases by 3 per cent, then the number of employees must also fall by a broadly similar amount for the pay bill to stay unchanged. This is a matter of simple arithmetic.

Not surprisingly, government officials have recently been retreating from the idea of a pay bill freeze, though the policy switch has not been spelt out. The current approach appears to be that it is government departments' overall running costs, not their pay bills, that will be frozen. This means in theory that cost savings achieved outside the pay bill could be used to increase pay and maintain staffing levels. However, given that pay typically accounts for about two-thirds of running costs, job cuts seem unavoidable.

There are several directions in which ministers might be tempted to avoid this conclusion. But none is appealing.

## Future troubles

First, the government could bear down particularly hard on the wages of those workers not covered by pay review bodies. Not only would this be unfair. It would also store up troubles for the future, as employees sought to catch up on pay rises they missed this year. The macroeconomic consequences could be wage pressures just at the wrong time in the business cycle.

Second, ministers could abandon their policy of freezing running costs/pay bills. But this would mean either easing up on the battle to control the public-sector deficit or raising yet more taxes. Neither is an attractive option.

That leaves job cuts as the main way of increasing pay rates while freezing pay bills or departmental running costs. Perhaps that has been ministers' secret agenda all along. Certainly, it is the most credible course of action given the gaping budget deficit and the need to maintain confidence in the review bodies.

The trade unions and the Labour party will not, of course, see things that way. They say job cuts will lead to cuts in public services and/or a deterioration in quality.

But this is defeatist. The public sector is already achieving improvements in productivity. The record of the privatised industries, where jobs have been cut in large numbers while service standards have improved, is a dramatic pointer to what can be attained. The challenge for ministers must be to achieve similar improvements in the public sector.

Dirty campaigns and uncertainty mean German election results are unlikely to be clear-cut, says **Quentin Peel**

# Chorus of the master mudslingers

If anyone thought that Germany's marathon election year was going to be a good, clean-cut campaign about issues, they need to think again. The mudslinging has only just begun.

First it was about supposed revelations from the personal files of the late Chancellor Willy Brandt, casting suspicion on his colleagues in the Social Democratic party (SPD) as alleged fellow-travellers with the East German communists.

This week it was the old story suggesting that Mr Johannes Rau, elder statesman of the SPD and the party's candidate for federal president in May, was given electoral support by the former East Germans in the 1986 general elections.

In retaliation, Mr Wolfgang Schäuble, parliamentary leader of Chancellor Helmut Kohl's Christian Democratic Union and its Bavarian sister-party, the Christian Social Union, stands accused of having promised to "respect" East German citizenship (which the west refused to recognise officially) as part of a deal to stop the flow of asylum-seekers across the inner-German border.

Mud was also flung at the Berlin city leader of the Free Democratic party (FDP), the minority partner in the ruling coalition. She was forced to resign over the so-called "Figaro affair", in which she is alleged to have charged her hairdressing bills to the party funds.

To an outsider, it all appears remarkably arcane and irrelevant. To many voters in eastern Germany, voting in a western democratic system for only the second time, it looks the same. But it does give an indication of the political backbiting still to come.

Mr Rudolf Scharping, the SPD's new leader and youthful challenger for the chancellor's job, warned his party faithful last week that the campaign could rapidly degenerate. "We all know that when it really comes to the crunch, when it is a question of hanging on to power itself, the CDU and CSU will fight ruthlessly to protect their position," he said. "The past days have given us a foretaste of what is to come."

There is an awful lot to play for, with 19 separate elections on the cards: from the state election in Lower Saxony on March 13 to the general election for the Bundestag on October 16, via the electoral college vote for state president in May, European elections in June, and a string of state and local polls.

Given a rising tide of disaffection in the electorate at large for the entire political establishment, and a whole new area of uncertainty in former East Germany, predictions are still a risky business.

There is no decisive lead in the polls between the broad blocks of left and right, although the opposition Social Democratic party clearly has the edge at the moment. More confusingly, there is a range of parties that could attract protest votes, ranging from the well-established Greens, through the former Communist party in the east – the party of Democratic Socialism (PDS) – to the far-right Republicans, and at least two anti-party citizens' movements.

Not only is a messy series of campaigns in prospect, but a messy outcome too.

The most cautious opinion poll, the Politbarometer broadcast every month by the ZDF television station, puts the SPD on 39 per cent support, the CDU/CSU on 36 per cent, the Greens on 10 per cent, and the FDP on 6 per cent – "if there were general elections next Sunday".

That means that neither leftwing (SPD-Green) nor rightwing (CDU/CSU-FDP) coalitions would be able to gain a clear majority in the Bundestag, the directly elected lower house of parliament, in October. It would only take one or two protest parties to gain the 5 per cent of votes needed to get into the Bundestag, to make a grand coalition of left and right – SPD and CDU – unavoidable.

The fact is that west Germany – the old federal republic – is evenly split between left and right. According to the other main polling organisation, the Allensbach Institute, the SPD is on 38 per cent support, as against 36.4 for the CDU/CSU, in the west as a whole. The real difference between them lies in the east.

That was where Chancellor Kohl won his re-election back in 1990, and that is where he has seen his party support slump from almost 42 per cent then to less than 20 per cent today. In the recent local elections in Brandenburg, he suffered the ignominy of coming third, with the former Communists getting more support. The opinion polls confirm that trend.

There is widespread bitterness in the east at the failure of western politicians to realise the extent of the post-unification trauma they have suffered. It centres above all on unemployment, and the fact that in hundreds of small towns and villages, effective joblessness is anything from 50 to 70 per cent of the potentially active labour force. Before 1989, unemployment did not officially exist there.

That bitterness has hit the CDU most of all, and the SPD should reap the benefit. But the Social Democrats' party organisation is weak in the east: they had to begin from scratch, because the old Social Democratic party had been forcibly merged with the Communists. Party managers fear they may fail to exploit the full potential of the protest.

The same is true in the west. Given the sharpest recession since the postwar economic miracle in Germany began, the opposition should be coasting to victory. In fact, the SPD is struggling to break the 40 per cent barrier.

The challenge for Mr Scharping is to demonstrate that his party is *regierungsfähig* – fit for government. He has to persuade an essentially conservative electorate that his party's reputation for internal squabbling and utopianism is no longer true.

In the eight months since he became leader, he has made considerable progress. He has whipped his fellow leaders, like the erratic Mr Oskar Lafontaine, his chief economic spokesman, and the ambitious Mr Gerhard Schröder, premier of Lower Saxony, into line. He has distanced himself from any firm commitment to an SPD-Green coalition, which might scare off middle-of-the-road voters. He has yet to put a foot wrong.

That is the problem for Chancellor Kohl, who exudes self-confidence in spite of being the least popular of all Germany's leading politicians.

Mr Kohl is seeking to counter this unpopularity by presenting himself as the safe hand on the tiller in uncertain times. His theme is security – from the external instability of eastern Europe and Russia (ultranationalist leader Mr Vladimir Zhirinovsky's rise in the Russian elections is a big bonus), and from the internal instability of economic recession. He knows that voters normally opt for conservatives in times of trouble.

What is most worrying for his advisers is that even that safe bet seems in doubt. According to another recent poll, 35 per cent think the SPD can lead Germany out of the economic crisis, against 29 per cent for the CDU. As for the party leaders, 36 per cent see Scharping as the better man for the economy, as against 23 per cent for Kohl. The chancellor only scores better on foreign policy (45 per cent) and the threat from Russia.

The other danger for the chancellor is that the election marathon might produce a negative momentum, with the SPD scoring well in the state elections, and building up an unstoppable drive to the Bundestag poll. That was why the CDU resisted bitterly a move to hold early elections in Saxony-Anhalt, where its feeble coalition with the FDP seems certain to lose power. "The danger of two SPD victories in March – in Lower Saxony and in Saxony-Anhalt – could have been fatal," according to one of the chancellor's close aides.

Things still look pretty bleak for Mr Kohl. The European elections in June, combined with an array of local council elections on the same day, may well produce a big protest vote. All the established parties fear a good showing by the extreme rightwing Republicans in the European poll, when voters feel less constrained by any sense of responsibility.

Between now and then, Mr Kohl has to use all his political wiles to try to turn the polls around. He is exploiting his opportunities for statesmanship, such as his recent trip to Washington, to the full. But the German elections will be decided above all by domestic issues, by measures to tackle unemployment, law and order, and immigration.

At this stage, the most likely outcome must still be a grand coalition, with a significant protest vote – including many who simply stay at home – above all in the disenchanted east.

**Germany's 1994 election marathon**

Rudolph Scharping / Helmut Kohl

| | | |
|---|---|---|
| March 13 | Lower Saxony | State parliament |
| March 20 | Schleswig-Holstein | Local councils |
| May 23 | Federal convention | Federal president |
| June 12 | All Germany | European parliament |
| | Baden-Wurttemberg | Local councils |
| | Mecklenburg-Vorpommern | Local councils |
| | Rhineland-Palatinate | Local councils |
| | Saarland | Local councils |
| | Saxony | Local councils |
| | Saxony-Anhalt | Local councils |
| | Thuringia | Local councils |
| June 26 | Saxony-Anhalt | State parliament |
| September 11 | Brandenburg | State parliament |
| | Saxony | State parliament |
| September 25 | Bavaria | State parliament |
| October | Mecklenburg-Vorpommern | State parliament |
| | Thuringia | State parliament |
| | North Rhine-Westphalia | Local councils |
| OCTOBER 16 | ALL GERMANY | BUNDESTAG |

# Why Rover left home

**Tony Jackson** on nostalgia for the UK's car industry

If this week's letter columns in the British press are a guide, the sale of Rover to BMW is being condemned up and down the country. This is perfectly natural. In the psychology of any manufacturing nation, the car industry plays a role which goes beyond mere economics. Even in a country whose industrial self-esteem is as low as the UK's, the collapse of the last big carmaker into foreign hands is bound to cause an atavistic twitch.

How far this is rational is another matter. In terms of industrial logic, the game was up for Rover a decade ago and more. The last cars which it developed on its own were the Maestro and Montego in the early 1980s. Ever since, it has relied heavily on Honda for design and engineering. The Rover 600, launched last year, is nothing more than a lightly disguised Honda Accord. The fact that future Rovers may be similarly disguised BMWs is regrettable, but no worse than the status quo.

Land Rover is, of course, a different matter: a highly successful British product, domestically designed and made. There is no reason to suppose this will change. When car companies merge, the key to saving costs is designing a common chassis. But BMW has no chassis relevant to Land Rover, nor does it plan to produce one. It has every incentive to leave well alone, except that its much bigger dealer network will presumably help Land Rover's sales overseas.

But, the letter-writers will say, this is beside the point. Previously, Rover was British-owned and controlled. Now it is not. True enough: but again, the damage was done a long time ago. Granted, Rover's present owner, British Aerospace, is as true-blue as they come. But its purchase of Rover from the UK government in 1988 owed at least as much to politics as to commercial logic. Not for the first time, privatisation was a convenient means of ducking a politically awkward issue: in this case, the ultimate necessity of selling Rover into foreign hands. As an expedient, it was always bound to be temporary. There was no industrial case for BAe owning Rover; and financially, as BAe conceded this week, it simply could not afford to develop both Rover and its defence business in the long run.

All the while, it was clear that Rover was too small to survive alone. It needed to merge with another car company. There being no other British volume car company left, this logically meant merging with a foreigner. The foreigner also had to be strong enough for the merger to thrive. Logically, this also meant that Rover had to be the junior partner.

**The peculiarly emotional character of carmaking has merely postponed an inevitable event**

Rover had already learnt this lesson the hard way, when it sold its Leyland truck business to Daf in 1987. Daf proved too weak a partner, and the merged company went bust last year. BMW may not be among the giants of the world car industry, but it has three times Rover's turnover. It is also consistently profitable, whereas Rover has made a loss before tax for the past three years at least.

None of this means that Britain's demise as an independent car producer is welcome. On the one hand, Britain has on balance benefited from its open-door policy on inward investment, especially from Japanese makers of cars and consumer electronics. But it is not all plain sailing. Scotland's high-technology electronics industry, for instance, has found that turning out silicon chips and personal computers for its American masters has done little to develop the local supply of technology or components.

Again, Britain's openness to foreign takeover is the necessary counterpart of its appetite for buying companies overseas. Indeed, some foreign takeovers of UK companies seem genuinely to have helped both parties. Nestlé's highly contentious takeover of Rowntree six years ago has done nothing to harm Britain's output of chocolate. Siemens's purchase of large chunks of Plessey at around the same time was a step towards the German company building a £1bn turnover business in the UK.

But there is always the risk that a foreign buyer will simply seize the opportunity of closing down a competitor. Thomson of France bought Ferguson, the television manufacturer, only to shut UK production and keep the brand. General Electric of the US bought Thorn's UK lighting business, and is now closing much of it in favour of manufacturing in Hungary.

In Rover's case, there is a more specific danger. As an ex-chairman of Land Rover pointed out in the FT's letter columns yesterday, the history of takeovers in the car industry – as elsewhere – is littered with failures. BMW has grown organically throughout its history, and has no previous experience of merger. If it all goes wrong, Rover as the underdog may get more than its share of the kicking.

Thus, this week's announcement cannot be greeted with rejoicing. Of course there are risks involved. Of course Britain would be better off making its own cars. But the peculiarly emotional character of the industry has merely postponed an inevitable event. Now that it has finally arrived, there is no use crying over spilt milk: especially when it was spilt such a long time ago.

# OBSERVER

## The siren calls of Paris

■ Does the British government ever talk to itself? Lord Lawson, bidding to be next boss of the Organisation for Economic Co-operation and Development, is not the only Brit seeking a cushy job in Paris. Robert Priddle, a deputy secretary at the DTI, is also being pushed to be executive director of the International Energy Agency.

It's all rather odd. The IEA is an OECD affiliate – they share the same headquarters in Paris's fashionable 16th arrondissement – and it's unusual for a government to chase the two top jobs in allied institutions, especially when both are hotly contested.

Number 10 and the Treasury have thrown their collective weight behind Lawson's candidacy for the OECD. However, the DTI has been backing Priddle, 55, for the IEA post – against candidates from Belgium, Norway and Italy – since the middle of last year. Although there is no vacancy yet, the present incumbent, Helga Steeg, 66, is expected to retire later this year, after 10 years in the post.

Priddle is better qualified than his present post – head of the DTI's corporate and consumer affairs division – might suggest. An energy expert, he chaired the IEA governing board between October 1991 and September 1992. He was also in charge of the UK government's energy policy until late October 1992, when he was transferred to his present post one week after the crisis over coal pit closures.

Qualified he may be; but with a government apparently unable to get its internal communications straight, he may still have problems getting that message through.

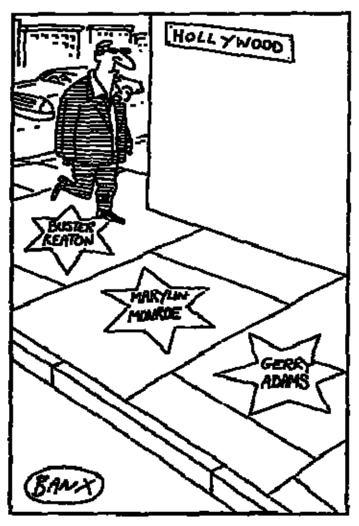
## Turkish blue

■ Advisers to Turkey's Prime Minister Tansu Çiller are quick to dismiss cynics who suggest her trip to Sarajevo this week was little more than a "photo opportunity", conveniently staged to take attention away from domestic monetary troubles. Still, her light blue suit perfectly matched the United Nations' tin helmet and flak jacket she donned . . .

## Locked in silence

■ Here's a rum do. John Gummer, environment secretary, has just appointed as chief planning adviser someone who is debarred from giving advice on one of the biggest issues on Gummer's plate.

David Lock has been hired to advise on the development of strategic land use planning in England. But Lock can't talk to Gummer about what is going to happen to the East Thames corridor – a key element in government




plans to regenerate London and the south-east – because he also runs a consultancy with extensive contracts in that same corridor.

As the environment department has yet to publish its strategic plan for the corridor, Lock must maintain a Trappist silence not just over the corridor but also the Channel tunnel rail link.

To make matters worse, Lock's appointment means farewell to the highly respected Peter Hall, special adviser on planning to three environment secretaries since 1991. Hall, Britain's top thinker on planning and urban development, was brought back from the University of California by Michael Heseltine, and has spearheaded the East London corridor concept. He now returns to a full-time chair at University College, London.

## Commissar Chris

■ The office of Chris Meyer, the no-nonsense press secretary charged with polishing John Major's image, offers an insight – maybe a warning? – as to how he plans to run the show.

Meyer has adorned his office with framed copies of Pravda, the once all-powerful organ of the Soviet Communist party. Close inspection reveals that the issues date not from post-democracy Russia, but instead from the good old days, when anti-regime criticisms could merit a spell in the gulag. Pravda's most important function then was to kid its readers that all was well and the political leadership the best imaginable. Meyer's nostalgia may be deeper than he thinks . . .

## Invesco veritas

■ The CV can sometimes be an inglorious document, puffing this and concealing that. The one released to announce that Sir John Morgan is joining the European regional board of Invesco, the fund management group, is strangely silent on two points.

*Who's Who* shows that Sir John was managing director (international relations) of Maxwell Communications Corporation in 1989-90, and also on the board of The European, the late Robert Maxwell's most ambitious newspaper venture.

But perhaps Invesco is trying to learn from its mistakes; last year it was fined a record £750,000 by Imro, the investment management regulator – for a range of regulatory breaches in connection with the Maxwell affair.

## Baker's interval

■ First David Mellor, ex-heritage minister, takes up an arts column for The Guardian newspaper. Now Kenneth Baker, former education and home secretary and ex-chairman of the Conservative party, is doing a stint as theatre critic for the Sunday Express.

Baker fancies himself as a literary chap; he has edited anthologies of English literature and has been a frequent theatre-goer for years. His new job won't interfere with his parliamentary duties; being a critic means that after first nights – which start early – he can be back in the House by 10pm.

## Shrinking Vlad

■ The good news is that Vladimir Zhirinovsky, the Russian nationalist, has been to see a psychiatrist. The bad news is that it was Radovan Karadzic, leader of the Bosnian Serbs.

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Friday February 4 1994



Voluntary pacts between unions and employers backed

# Brussels retreat on works councils

By David Gardner in Brussels

The European Commission is watering down its proposal for mandatory elected works councils in pan-European companies, in an effort to garner business support.

Instead of a uniform structure for compulsory consultation with workers' representatives, the new draft directive seeks to induce voluntary agreements at company level, with unions and employers deciding their own modus operandi.

"We have gone for the middle course ... in order to make the proposal more palatable to the employers' side," said a senior official close to Mr Padraig Flynn, the social affairs commissioner.

But if employers and unions fail to agree, then a reduced set of minimum requirements for consultation will be imposed if workers demand them. "We hope the mere threat of imposed conditions induces agreement," the official said.

The Commission's original proposal has been blocked for more than three years by the UK. But Britain's 11 partners decided to press on with the directive, without the UK, after the Maastricht treaty came into force in November. But British trans-European companies will still be among those most affected.

Mr Flynn said: "The aim of any legislation should be to bring them to the negotiating table and let them agree whatever they think is best." He added that "the paradox of this directive is that it will succeed best if it is never applied but that if it did not exist, nothing would happen."

The senior Commission official said "the calculation we've made is that this is still a text with something in it for everyone".

But Mr Emilio Gabaglio, general secretary of the European Trade Union Confederation, described the new plan yesterday as "a complete U-turn by the Commission" and "totally unacceptable".

Mr Zygmunt Tyszkiewicz, secretary-general of Unice, the Euro-employers lobby, also dismissed the plan as "unacceptable" in a letter to Commission president Jacques Delors. "The adoption of such a directive ... will discourage investment and damage employment prospects," he said.

Brussels is set to approve the plan next Tuesday, from when Unice and Etuc will have six weeks to decide whether they can reach an agreement which obviates the need for the directive.

On recent form they are unlikely to do so, and the Commission expects to get the measure into EU law this year. It will still apply to companies with at least 1,000 employees, and more than a hundred in at least two member states.

Negotiations to create a consultation mechanism will now have to be triggered by a request from 500 employees or their representatives, against the previous requirement of two representatives of an unspecified number of workers.

The minimum standards have expanded the right to information, to include the financial, investment, production employment and business situation of the company. But the right to consultation is now "much more limited", one Commission official acknowledged. Whereas previously it covered virtually all trans-frontier business activity, it is now largely limited to decisions to transfer production, causing redundancies or worsened employment conditions.

The proposal will affect some 1,500 Euro-enterprises, the Commission calculates, including 300 British companies. UK companies on the continent will obviously be covered, but employees in the UK will be counted in gauging which companies are bound by the directive.

# $200m East European fund launched

By David Marsh in London and Nicholas Denton in Budapest

Foreign capital flows into booming east European stock markets look set to rise further following the launch of a $200m investment fund for buying shares in the Czech Republic, Poland and Hungary.

The fund is being announced today by CS First Boston, the London-based investment bank, and Cazenove, the London stockbroker. It will be the largest so far for institutional and private investment in listed companies in central and eastern Europe.

Several analysts yesterday voiced concern that eastern European shares may be overpriced. The Warsaw, Prague and Budapest stock exchanges rose 800 per cent, 96 per cent and 28 per cent respectively in dollar terms last year.

Following a further 58 per cent increase in the Budapest stock market index in January, a Budapest investment bank executive said yesterday: "The market is already overblown and we are already very concerned about it."

Creditanstalt, a leading Austrian bank, recently warned that Czech share prices had been driven excessively high by speculative foreign buying.

However, Mr Charles Harman, a CS First Boston managing director, said he was "optimistic" about subscriptions to the fund. He expects particular demand from international institutional investors seeking new methods of increasing their exposure to emerging stock markets.

The fund amounts to about 1 per cent of the total market capitalisation of the Prague, Warsaw and Budapest stock exchanges, respectively $14bn, $3bn and $1bn at the end of last year.

A total of $150m is expected to be raised through marketing the fund to international institutional investors from next week, with the balance of $50m coming from private investors. Shares in the fund and accompanying warrants are expected to be listed on the London stock exchange from mid-March.

CS First Boston has been one of the most active investment banks in central and eastern Europe. It has managed the sale of the Hungarian airline Malev and is the Budapest government's lead adviser on privatising the banks.

In spite of high foreign interest in central European stock markets in recent months, there are few UK investment trusts focused on the region. The Baring Emerging Europe trust, which raised $124m at the end of last year, splits its investments between Mediterranean countries and eastern Europe.

Additionally, single country funds have been set up for Hungary and the former east Germany.

Foreign tidal wave hits eastern bourses, Page 3

## Surge in German M3

Continued from Page 1

beat the deadline. Economists said the Bundesbank's decision not to cut rates yesterday was as much conditioned by the current bout of sabre-rattling in the dispute over pay for metalworkers as by the M3 figure.

They said the central bank would have sent the wrong signal to unions and employers if it had cut rates yesterday.

## Audi chief

Continued from Page 1

Meanwhile, Volkswagen yesterday withdrew a claim made in a press release on Wednesday quoting a Frankfurt judge as saying charges that General Motors secret documents had come into VW's possession "could not be proved". VW blamed "misinterpretation" for the error.

# Pratt & Whitney wins $400m aero-engine order from JAL

By Paul Betts, Aerospace Correspondent

Pratt & Whitney of the US yesterday clinched a $400m engine order to power Japan Airlines' fleet of new Boeing 777 wide-bodied aircraft against fierce competition from its US rival General Electric and from Rolls-Royce of the UK.

JAL's decision is a bitter blow for both the UK aero-engine maker and GE in the three-way battle to sell high-thrust engines to power the new generation of wide-bodied aircraft expected to account for an increasing share of the world market during the next 10 years.

P&W, a subsidiary of the United Technologies conglomerate, conceded that the competition for the JAL order had been "a nail-biter", although the US company had been the favourite to win.

The deal comes at a time when large engine and commercial aircraft orders continue to be scarce because of the financial problems of many airlines, and the three engine manufacturers are having to invest heavily in the development of big engines with thrusts of more than 100,000lbs.

The battle for the 40 engines to power the 20 Boeing 777s ordered by JAL pitched P&W's PW4084 engine against the GE90 and Rolls-Royce Trent 800.

The win now gives P&W 51 per cent of the market so far for 777 engines compared with 29 per cent for GE and 20 per cent for Rolls-Royce.

The UK company yesterday admitted it was disappointed but said it had always regarded the JAL competition "very difficult".

P&W has now secured the engine market for all 777s ordered by Japanese carriers. Both All Nippon Airways and Japan Air System had already selected the PW4084 engine to power their 777s.

This was one of the decisive factors in JAL's selection of the P&W engine because the three Japanese carriers are seeking to reduce operating costs through a joint maintenance programme.

The Boeing 777 will be rolled out in April. The aircraft is scheduled to enter service next year with United Airlines of the US with P&W engines.

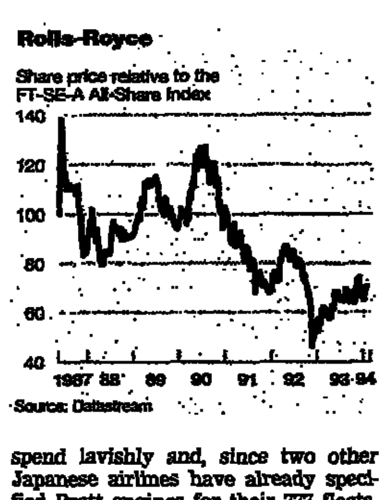
Rolls-Royce, which is investing about £400m in the development of the Trent, last week announced it had set a new world commercial engine power record by running its Trent 800 at 106,000lbs of thrust.

Rolls-Royce has so far won orders and options for 100 Trent 800 engines to power Boeing 777 aircraft ordered by Cathay Pacific, Emirates and Thai International.

THE LEX COLUMN

# Money worries

FT-SE Index: 3491.5 (-28.8)




The Bundesbank was never likely to cut interest rates yesterday, with December M3 money supply growing at an annualised rate of 8.1 per cent. It matters little that the figure was badly distorted, or that the underlying news on inflation and wages is good, or even that the D-mark has been more stable in exchange markets recently. The bank could not announce a money supply figure so far above target and then cut rates without serious loss of credibility. What is less clear is whether money supply was the only factor holding it back.

The international interest rate trend has become difficult to read as market rumours intensify of a possible Federal Reserve tightening. Talk yesterday that such action was imminent damped US financial markets. It also unsettled others, including the UK, which had run up earlier in anticipation of another round of European interest rate cuts. The Fed's intentions are, of course, by no means certain and the current US inflation picture does not suggest a need for urgent action. When it does come, though, the exchange market impact of a Fed tightening will inevitably make the Bundesbank more circumspect.

Even if the Bundesbank is simply worried about the money supply, nothing is likely to happen before the next council meeting that would make it change its mind on rates. Its cautious pace may thus continue to disappoint. A UK rate cut looks even more remote, especially since the latest reserve figures suggest the authorities prefer to counter sterling strength by intervention.

## Rolls-Royce

The current contest to produce the world's most powerful aero-engine seems to be driven by machismo. While very high thrust engines are required for new wide-body twin-engined jets, the recent tests of the GE90 and Rolls-Royce's Trent engines produce 25 per cent more power than such aircraft currently require. At present only the Airbus A330 and the Boeing 777 need these engines, yet GE, Pratt & Whitney and Rolls have all invested hundreds of millions in this technology while orders have been scarce. All three have to compete on power and price for what business there is.

In that context, Rolls' loss of the engine order for Japan Airlines' new Boeing 777s is disappointing but unsurprising. JAL can hardly afford to spend lavishly and, since two other Japanese airlines have already specified Pratt engines for their 777 fleets, JAL has an incentive to share maintainance facilities. Rolls may be leading the race for orders on the Airbus 330, but is lagging badly with the more significant Boeing 777. That has stretched out the pay-back period for the Trent.

Perhaps even more significantly, the market may not grow rapidly enough to justify the investment in three such engines. With orders unlikely to pick up for at least two years, competition will intensify. Pratt and GE both have deeper pockets than Rolls, and bigger balance sheets to support a protracted fight. They are also less dependent on the aerospace cycle. Rolls' rating of 50 times likely 1993 earnings seems to reflect more than generously the company's own sunny optimism.

## News Corporation

The 5 per cent rise in News Corporation's shares in response to perky interim results will help restore the company's reputation, which took something of a bashing following its plans to issue super voting shares. Ansett and BSkyB made particularly strong contributions to the results. Only the self-induced pain of the newspaper price-cutting campaign in the UK blotted News's progress.

The withdrawal of the super share proposals has seemingly stymied any grand strategic ambitions that Mr Rupert Murdoch may have entertained. The company has an understandable aversion to bank debt to fund expansion. Its ability to issue straight equity is restricted by the desire not to dilute the Murdoch holding below 32 per cent. Still, News has plenty left to chew on at present. Star TV, which is likely to lose $20m in the full year, should absorb much of Mr Murdoch's energies as he attempts to transform it into a subscription service. Fox Network will also have to work hard to justify the high price it paid for its American football rights.

News's existing investments are therefore likely to take time to deliver. Australian industrial stocks should certainly post a faster rate of earnings growth for the foreseeable future. But towards the end of the decade, that picture could change fast. If BSkyB blossoms, Star comes good, and the American football contract starts delivering fat advertising revenue then News should be printing money. The strength of that revenue stream could even be sufficient to fund the bigger strategic moves.

## Transatlantic Holdings

The flotation of 25 per cent of Capital Shopping Centres will come as a welcome addition to the quoted property sector. Prime shopping centres are currently the hottest property investment market and Capital boasts one of the biggest portfolios of such sites. The flotation will give Capital greater flexibility to restart a development programme or buy other prestigious retail sites. Its parent, Transatlantic, is hardly flush with cash itself. A recapitalisation of Capital is a simple way to gear up for the next cycle. Most other big property companies have tapped the institutions; it seems only fair that Capital should take its turn.

The intriguing aspect is how ambitious Transatlantic will be with the pricing. Capital's properties have never knowingly been undervalued. Mr Donald Gordon, Transatlantic's chairman, has long complained of the conservative valuation techniques used by the Royal Institution of Chartered Surveyors, but Transatlantic clearly hopes for a considerable premium over its stated asset values.

The flotation further raises suspicions that Transatlantic intends some bolder adventure in the insurance sector. Sun Alliance is the obvious target. But, by itself, Capital's flotation is likely to make little difference to any such ambitions in this field, with only about £150m of new finance being raised.



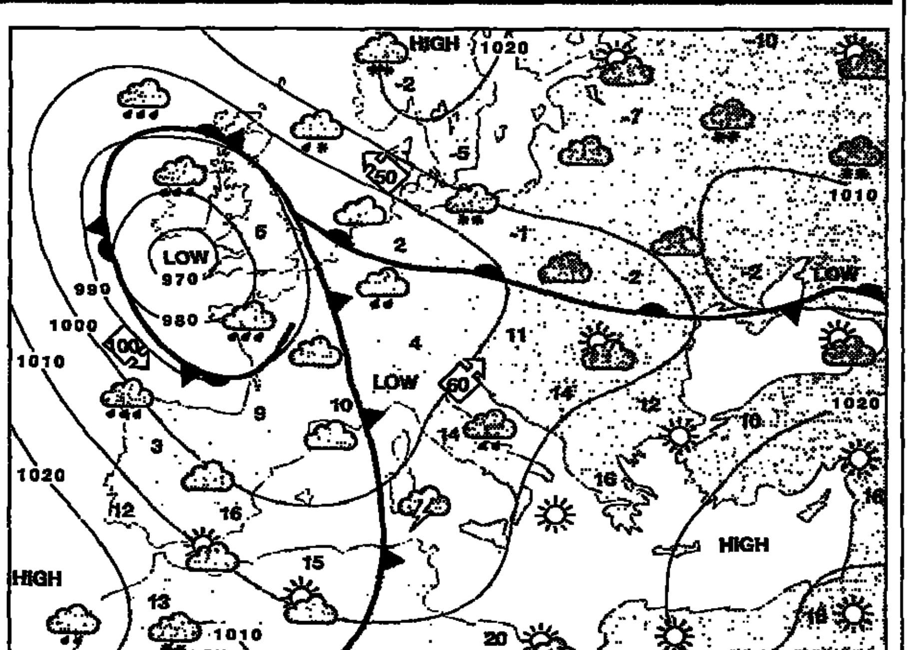
FT WEATHER GUIDE

## Europe today

A strong north-westerly air current bringing cool and unstable air into Spain, Portugal and Morocco, will mean many showers, especially in coastal areas. Snow is expected in the mountains. Southerly winds will draw mild and moist air from over Italy and the Alps towards the north. The southern Alps will have cloud with rain or snow. North of the Alps will be sunny with relatively high temperatures. Scandinavia and the north-western CIS will be dominated by high pressure with temperatures far below freezing. Another high pressure system will keep south-east Europe dry with plenty of sun in Greece and Turkey.

## Five-day forecast

A westerly air current bringing disturbances into southern Europe will cause unsettled conditions in south-west, central and south-eastern Europe during the weekend. High pressure will remain over Scandinavia and the CIS. As a result northern Europe will continue wintry. Western Europe will be relatively settled There will be a chance of persistent fog.




Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

### TODAY'S TEMPERATURES

| | | Maximum Celsius |
|---|---|---|
| Abu Dhabi | sun | 23 |
| Accra | sun | 28 |
| Algiers | shower | 13 |
| Amsterdam | cloudy | 5 |
| Athens | fair | 15 |
| B. Aires | shower | 28 |
| B.ham | windy | 6 |
| Bangkok | fair | 35 |
| Barcelona | cloudy | 9 |
| Beijing | fair | 9 |

| | | |
|---|---|---|
| Belfast | rain | 6 |
| Belgrade | fair | 15 |
| Berlin | cloudy | 2 |
| Bermuda | shower | 22 |
| Bogota | cloudy | 18 |
| Bombay | sun | 32 |
| Brussels | cloudy | 7 |
| Budapest | cloudy | 10 |
| C.hagen | cloudy | -1 |
| Cairo | sun | 18 |
| Cape Town | sun | 26 |
| Caracas | cloudy | 26 |

| | | |
|---|---|---|
| Cardiff | rain | 7 |
| Chicago | fair | -4 |
| Cologne | cloudy | 7 |
| D' Salaam | fair | 30 |
| Dakar | fair | 24 |
| Dallas | rain | 15 |
| Delhi | sun | 22 |
| Dubai | fair | 23 |
| Dublin | rain | 7 |
| Dubrovnik | shower | 15 |
| Edinburgh | rain | 4 |
| Faro | shower | 13 |

| | | |
|---|---|---|
| Frankfurt | cloudy | 7 |
| Geneva | rain | 3 |
| Gibraltar | shower | 14 |
| Glasgow | rain | 5 |
| Hamburg | cloudy | 2 |
| Helsinki | fair | -13 |
| Hong Kong | cloudy | 22 |
| Honolulu | fair | 26 |
| Istanbul | fair | 12 |
| Jersey | shower | 7 |
| Karachi | sun | 25 |
| Kuwait | sun | 20 |
| L. Angeles | fair | 16 |
| Las Palmas | fair | 19 |
| Lima | cloudy | 28 |
| Lisbon | shower | 9 |
| London | shower | 7 |
| Lux.bourg | cloudy | 4 |
| Lyon | rain | 3 |
| Madeira | shower | 16 |
| Madrid | cloudy | 6 |
| Majorca | cloudy | 11 |

| | | |
|---|---|---|
| Malta | fair | 16 |
| Manchester | windy | 8 |
| Manila | cloudy | 31 |
| Melbourne | shower | 28 |
| Mexico City | fair | 21 |
| Miami | fair | 25 |
| Milan | rain | 5 |
| Montreal | sun | -12 |
| Moscow | snow | -9 |
| Munich | fair | 8 |
| Nairobi | fair | 28 |
| Naples | cloudy | 14 |
| Nassau | cloudy | 28 |
| New York | snow | 1 |
| Nice | rain | 11 |
| Nicosia | fair | 15 |
| Oslo | cloudy | -7 |
| Paris | cloudy | 7 |
| Perth | fair | 32 |
| Prague | cloudy | 4 |
| Rangoon | fair | 34 |
| Reykjavik | snow | 1 |

| | | |
|---|---|---|
| Rio | fair | 28 |
| Riyadh | fair | 20 |
| Rome | thund | 15 |
| S. Frsco | fair | 14 |
| Seoul | fair | 5 |
| Singapore | cloudy | 31 |
| Stockholm | cloudy | -9 |
| Strasbourg | cloudy | 7 |
| Sydney | cloudy | 30 |
| Tangier | shower | 12 |
| Tel Aviv | sun | 17 |
| Tokyo | fair | 9 |
| Toronto | sun | -11 |
| Tunis | fair | 18 |
| Vancouver | fair | 6 |
| Venice | cloudy | 7 |
| Vienna | cloudy | 9 |
| Warsaw | cloudy | -2 |
| Washington | snow | 6 |
| Wellington | fair | 20 |
| Winnipeg | snow | -20 |
| Zurich | rain | 4 |

# RECRUITMENT

## JOBS: Compared with the strides made by medicine, training and selection methods have scarcely stirred

# Cop-out or blow-up, the saga ends

Week by week the mystery mounted as the hooded killer struck again and again. Most mystified of all were the masked murderer's two prime targets in the old Eagle comic's serial story, though they were finally saved when he accidentally topped himself instead. The saga closed as the heroes unmasked him, revealing a face they had never seen before. "But who is he, why did he want to kill us?" gasped one. To which the other replied: "We shall never know."

Of the countless ways there are to end a story, that example always struck me as the worst possible cop-out... Until now, when the task of winding up my 21 years of writing Jobs columns has made me see that the Eagle's ending is the best in the book. For I fear that my only alternative to copping out in the words that follow, is going to be to blow up.

The reason is that I cannot look back on much progress towards solving the problem which has been this column's central concern. It is how to ensure that society's most important jobs are filled with the people best able to do them.

That is not to say there has been any lack of *supposed* solutions. On the contrary, they have come winging in thick and fast. The trouble is that, to judge by their effect on the British economy at any rate, they don't work.

Indeed, compared with the strides made by medicine in even my adult lifetime, our skills at equipping and selecting people for the workplace have hardly stirred. But that hasn't prodded either governments or managements to seek different techniques, as opposed to importing essentially similar but more elaborate methods in the hope of patching over the glaring deficiencies of those already in use.

The daftest case of such symptom-treating that I've seen happen in Britain is to my mind the one that will prove most damaging as well. It began with the big expansion of higher education in the 1960s, which has been made to look small by the further expansions of recent years.

Even at the outset, however, nobody bothered to work out how the increase was to be paid for. The expansionists just assumed that, besides making the country more civilised culturally, the injection of more graduates into the workforce would somehow generate greater national prosperity to boot.

So political panjandrums and other establishment spokesmen called on employers to restrict their recruiting for the better-paid career opportunities to young people with degrees. The employers, after first responding slowly, have done so with growing bureaucratic vigour ever since.

Although thousands of graduates have been left unemployed by the latest recession, it has nevertheless boosted their average chances of finding worthwhile work in preference to young people without degrees. The only real change is that, instead of just screening out any applicants lacking graduate status, employers now further screen out many who possess it by the use of psychometric-type tests.

Meanwhile, of course, the long promised boosts in productivity and civilisation remain most noticeable by their absence. Moreover – as I reported three weeks ago – a researcher called Dr Derek North, who works for Britain's official employment service, has come up with evidence not merely that academic qualifications such as degrees are poor predictors of job-performance, but also that using them to screen out applicants may be illegal under the race-equality act.

Yet a further irony lies in other research by Dr Mark Cook of University College, Swansea, which indicates that the psychometric testing imported to patch over the deficiencies of academic credentials is likewise prone to the same two faults. The reason, which I also reported three weeks back, lies in the criteria by which such recruitment tests are "validated" or, in lay terms, judged to be reliable predictors of success in the type of job for which the recruiting is being done. And since the issue is at least as important as any other I've seen arise these past two decades, I'm going to say more about it albeit at the expense of adding more to some readers' no doubt already heavy feeling of *déjà vu*.

If a test is to be reliably predictive, by the principles of Britain's equality laws at least, the criteria by which it assesses candidates need to be clearly linked with objective measures of good performance in the work concerned. Examples include value of orders in selling, and volume of output in certain production jobs.

The snag is that, in most other types of work, comparably objective measures of achievement rarely if ever exist. So the bulk of selection tests are validated on more subjective criteria, the most popular being ratings of employees' performance by their bosses.

Dr Cook puts the number of tests dependent on such criteria at between 60 and 80 per cent of the total in use. But his research has further weakened the case for many of them by showing that bosses' ratings of their staff, in particular, are typically influenced by personal prejudices and political expedients which have no bearing on the abilities actually needed to do productive work. In which case, it must be doubtful that such tests would stand challenge under the equality law.

So what – apart from prematurely joining me in depressed impending retirement – can the hard-pressed recruiters best do?

Well, for one thing, they might look around for psychometric measures which, even though bereft of links with objective performance criteria, at least avoid the pitfall of being validated on bosses' ratings of their staff. One of the happier innovations of recent years is the notion of "internal customers": the people within the same outfit who really know the difference between good and bad service from a particular employee. An example is newspaper sub-editors who have to wrestle with the outpourings of writers like me.

While I'm told that there are at most a very small handful of tests validated on internal customers' ratings available as yet, it would surely be worthwhile to encourage development of more. And since many of you readers seem to be admirably placed to do the necessary encouraging, I beg you to do your best to advance the cause.

Unfortunately, the more deeply entrenched stumbling block of over-expanded academic education will take much greater effort to cut down to size. One sign of hope, for Britain anyway, is the government's decision that intakes of new degree students must be cut by 3.5 per cent for 1994-95.

But since some of the necessary measures are radical – including a shift of emphasis back to apprenticeship-type training from classroom teaching – I doubt that they will readily be taken by politicians who go around mouthing slogans about "back to basics" in the existing schools.

Even so, my final wish as the FT's jobs columnist is that at least some of you will help to goad mere sloganisers to think a bit instead. One way is by taking up the cudgels whenever you hear anyone implying nonsenses such as that an adequate stock of appropriate work-skills can be achieved by having more youngsters pass academic exams.

Which said, although it may be judged more cop-out than blow-up, like the old Eagle's pair of heroes, I shall mercifully never know. Either way, as long as I live I'll be grateful to you for reading me, as well as for your many letters wishing me godspeed. Farewell.

**Michael Dixon**

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SANPAOLO BANK

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Sanpaolo Bank is the premier Italian Bank and occupies a position of undisputed leaderahip in the Italian Lira fixed income markets. From its capital markets centres in Turin, London, New York and Tokyo Sanpaolo Bank provides a comprehensive service to its global client base. The largest bank in Italy, Sanpaolo is ranked the number one Eurolira house, the leading Lira swap market maker and is one of the largest and most sophisticated operators in the Italian Lira and ECU Government bond markets. Its capabilities in the option and futures markets are also highly regarded. As part of its commitment to maintain its leading position, the Bank now seeks to appoint two additional fixed income sales persons to work in its 50 strong dealing room in the City of London.

Responses are invited from candidates who have a minimum of 3 - 4 years experience in a fixed income sales position, where a thorough knowledge of both cash and derivative instruments has been gained. Candidates should enjoy working in a team environment and should have a proven track record of successful client development and service. While not essential, fluency in additional foreign languages will be an advantage.

This is an unusual career opportunity to join a highly professional and well regarded team.

Interested applicants should send a full CV to The Head of Personnel, Sanpaolo Bank, Wren House, 15 Carter Lane, London EC4V 6SP.

# Williams de Broë

## BOND SALES

Williams de Broë is a successful agency broker in U.K. and overseas bond markets. We now wish to recruit certain key individuals to further strengthen our existing team.

We are looking for an experienced Gilt salesperson with an established client base. This individual would be joining one of the leading Gilt desks in the City, which benefits from highly regarded U.K. research and an acknowledged dealing expertise.

In overseas markets, where we have expanded rapidly over the last two years, we are interested in applicants at all levels of experience. Successful candidates will have the confidence and ability to provide the first class level of service demanded by our institutional clients, a high degree of flexibility, and a willingness to work hard as a member of a small enthusiastic team.

**Please apply to:**
**David Ackroyd,**
**Williams de Broë Plc, P.O. Box 515**
**6 Broadgate, London EC2M 2RP**

# Global Custody Operations

## *Financial Controller*

**United Arab Emirates** — **Excellent Expatriate Package**

Our client is one of the most prominent financial institutions in the Middle East. As part of its continuing expansion, the company is seeking to appoint an Assistant Financial Controller to work within its finance division to assume responsibility for its global custody operations.

Probably aged in their early-thirties to early-forties, preferred candidates will be graduates with at least three years' experience in international banks or trust companies engaged in custody related operations. Candidates will be expected to work closely with other sections and departments of the company.

Candidates should possess excellent interpersonal, communications and presentation skills, be PC literate, strongly numerate and fluent in English. Associate membership to the Institute of Bankers or an equivalent professional qualification will be a prerequisite.

Key responsibilities will include:-

- review and selection of custodians
- negotiation of custody agreements
- maintenance of documentation under secure conditions
- efficient data capture
- reconciliation of custodian data against the accounting records
- checking and approval of custody fees
- optimal use of added value custody services
- ongoing monitoring of custody costs

The company offers an attractive expatriate compensation and benefits package including free housing, car and furniture allowances.

Please reply by letter or fax with a current CV and salary details to Andrew Peck at:

THE RICHMOND PARTNERSHIP
Garrard House, 31-45 Gresham Street, London EC2V 7DN
Telephone: 071-796 4254. Facsimile: 071-796 4255

# INTERNATIONAL EQUITY SALES - ARGENTINA

## BANCO PRIVADO

Banco Privado de Inversiones, a leading Argentine investment banking and asset management group, is seeking an experienced equity sales person, to join its team covering Institutional Investors in the United Kingdom and North America.

The ideal applicant will have a minimum three years experience with a major brokerage house dealing in equities, preferably those of Latin American and/or Emerging Markets. Candidates must have the skills and knowledge required to interpret macroeconomic and company research, and the ability to impart that information in a clear and concise way to clients.

Candidates must be prepared to spend two to three years in Argentina. Fluency in Spanish is desired but not necessary. A good honours degree is required.

An attractive remuneration package will be offered to the right person. If you satisfy these requirements, please send your CV, in confidence to:

David Williams, Director
Emerging Markets Search and Selection
2/9 Masons Avenue, London EC2V 5BT
A Division of Global Markets Recruitment Ltd
Tel: 071 600 4744 Fax: 071 600 4717

# FINANCIAL FUTURES & CAPITAL MARKETS

Due to the increased activity. We have opportunities within leading, institutions across the City. These currently include:-

| | |
|---|---|
| Interest Rate Derivatives Trader | £70-90,000 + Bonus |
| Interest Rate Derivatives Sales | £80,000 + Bonus |
| Senior Futures Desk Broker | £70-80,000 + Bonus |
| Bond Sales to UK & Europe | to £80,000 + Bonus |
| Illiquids Trader | £70,000 + Bonus |
| Financial Futures Broker to S. Europe | £60-70,000 + Bonus |
| Bond Analyst | £50-70,000 + Bonus |
| Government Bond Trader | £60,000 + Bonus |
| Derivatives Research | £Neg. |

*Please contact Philip Ashby-Rudd on 071-623 1266.*

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

# BOND SPECIALIST:
# TOP OPPORTUNITIES IN SALES/BROKING

**Pro Capital** is a specialist organization in the debt/security markets. We have the backing of a powerful AA-rated American institution.

We are looking for a few experienced and high calibre individuals to set up or expand one of the following areas:

- illiquid bonds and high yielding bonds
- emerging markets

openings also exist in other areas of the debt/security markets.

We can offer: outstanding performance based remuneration. Possibility to assume responsibility and autonomy for the right candidates.

Please send your resume or call confidentially: Oliver R. Froment, Managing Director, Pro Capital, CBC, 2 London Wall Buildings, London Wall, London, EC2M 5PP, tel: 071 628 4200, fax: 071 628 0870

# Opportunities in Bermuda

*The Bank of Bermuda Limited is a $6 billion, 100-year-old financial institution headquartered in Bermuda with offices in Hong Kong, Singapore Luxembourg, the Isle of Man, Guernsey, London, New York, and the Cayman Islands. We have an immediate opening for a career-oriented financial professional in our expanding Shareholder Services Division.*

## Corporate Trust

### Shareholder Services Officer

The Shareholder Services Department is currently seeking an Officer to coordinate and motivate a team of administrators directly servicing a portfolio of mutual funds, pension plans, contribution schemes and operating companies. Responsibilities include serving as Management Registrar and Transfer Agent for a portfolio of companies; developing a strong service relationship with company sponsors and investors; and overseeing training and team-building. A Bachelor's degree or higher and 7+ years' financial experience are required. In-depth knowledge of mutual funds or pensions, computer literacy and strong verbal and written communication skills are essential.

The Bank is an equal opportunity employer and offers a competitive salary and comprehensive benefits package.

**We invite interested applicants to contact Crystal Clay at (809) 299-5943 or submit a detailed resume, marked for her attention, to The Bank of Bermuda Limited, 6 Front Street, Hamilton, HMDX, Bermuda or fax it to (809) 292-4423. Please quote Ref. No. 3470. Closing date: February 18, 1994.**

THE BANK OF BERMUDA LIMITED
**We see a world of opportunity.**

# MRC BUSINESS INFORMATION GROUP
# OIL DIVISION - NEW APPOINTMENT

Oxford based MRC has an international reputation for providing fast, informed, commercial analysis of companies and markets in the marine, oil and trading sectors.

Growth has created a new position to lead our marketing to oil companies and develop our oil business and product range. You will work with our divisional director and team of specialist analysts.

MRC's oil division compiles credit reports on private and public oil traders, refiners and producers; publishes regional oil surveys; and provides up to the minute market information. Clients worldwide include oil majors, banks and leading traders.

This is a challenging opportunity to build a career with a successful, exciting, flexible and professional company, which believes in delegating responsibility and has no ceilings on personal development. MRC is an equal opportunities employer.

Please apply in confidence with CV and covering letter to: Adam Durpé, MRC Group, 5 Worcester Street, Oxford OX1 2BX

# NEWMAN COLLEGE

## *SENIOR ADMIN OFFICER*

Salary Scale £30 - £33,000 per annum

Applications are invited for the post of Senior Administrative Officer and Clerk to the Governors at this Catholic College of Higher Education. Applicants should have financial and personnel management experience and be practising Catholics. The appointment will be from April or as soon as possible thereafter by negotiation. The vacancy arises due to a sudden retirement through ill health.

Further details may be obtained from the Principal's P.A. on 021 476 1181.

Applications to The Principal, Newman College, Genners Lane, Birmingham, B32 3NT.
Closing date for applications: 21st February.

A UNIVERSITY SECTOR COLLEGE

# More people choose us because we work harder to get it right

## COMPLIANCE MANAGER

**Halifax** — **Competitive salary + car + benefits**

The Halifax is the world's No. 1 building society, taking care of the investments, mortgages and family finances of millions of people. It's an achievement which owes much to our dedication and professionalism, and our continued expansion into the financial services area must reflect the same commitment.

In helping us to meet all Financial Services Act regulations in full, you will undertake the duties and responsibilities of compliance on behalf of subsidiary companies acting as unit trust managers and fund managers (probably to be regulated by LAUTRO and IMRO). You will advise each business on aspects which affect their establishment and subsequent operation and expansion.

Formulating procedures, systems and guidance, you will also monitor management controls and work undertaken by third parties. In addition, you will need to ensure the Group Compliance Audit Programme is completed effectively, in relation to the unit trust and fund management subsidiaries, recommending and taking action where necessary to deal with incidents of non-compliance.

Probably a qualified Lawyer or Chartered Accountant, you should hold the Benchmark Examination of Investment Management Certificate (or an IMRO-approved exemption qualification), together with 5 years' fund management and 3 years' compliance experience at a similar level. You should also have the ability both to deal at Executive management level, and initiate improvements to practices.

In return, we offer an exceptional package which includes performance related pay, contributory pension scheme, private health insurance and mortgage at a concessionary rate. A relocation package is also available where necessary.

To apply, please write with your CV and quoting current salary details to: Assistant General Manager, Group Personnel (Ref HOP/CM), Halifax Building Society, Trinity Road, Halifax, West Yorkshire HX1 2RG.

HALIFAX is fully committed to equal opportunities for all.

HALIFAX

# Japanese Investment Manager

## Based in Sydney, Australia

Bankers Trust is not only Australia's leading investment bank; it is also one of the world's most respected funds management groups with over A$20 billion under active management. This role represents an exceptional opportunity and may suit an Australian national who is ready to return to Australia permanently.

Drawing on your indepth experience in the Japanese market, your analysis of industries and companies will be applied to the management of the BT equity portfolio. You will be accountable for stock selection and contribute to country economic and equity market forecasts. Reporting to the head of the Japanese equity group, you will also interact with the whole of the International group in a strong team environment.

Your background will include at least 5 years' experience in company/industry analysis involving Japanese markets, probably gained in funds management. This will be supported by a solid knowledge of company accounts and strong tertiary qualifications in an analytical discipline.

Joining BT's performance-focused team, you may anticipate excellent rewards.

**To make application for this excellent opportunity please forward your curriculum vitae with supporting documentation to: Jane Harris, Executive Recruitment Manager, Bankers Trust Australia Limited, PO Box H4, Australia Square, Sydney NSW 2000, Australia.**

Bankers Trust Australia Limited

## Non Bank Financial Institutions

# Credit Management

Bank of America, one of the world's largest and most successful international banks, is recruiting a senior Credit Manager to join an established credit management group in London.

The successful candidate will work closely with Relationship Managers in London and other European financial centres in the execution of the Bank's recently up-tiered business strategy for marketing sophisticated banking products to Fund Managers and Broker/Dealers. The key responsibility will be to manage the Bank's credit exposure to this sector, and to analyse and present proposals for approval.

Applicants must have at least 10 years banking experience with demonstrated expertise in credit analysis in the European fund management and broker/dealers sector. Knowledge of the legal environment, accounting and documentation requirements is essential. Fluency in French/Spanish/German would be an advantage.

An attractive salary with bonus potential will be augmented by a range of fringe benefits in line with best banking practice.

Write in strictest confidence with full personal career and salary details to Beverley M Fleet, Personnel Officer, Bank of America NT & SA, 1 Alie Street, London E1 8DE.

Bank of America is an equal opportunities employer

**Bank of America**

# Agri-Business and Trading

**To c $150,000** — **Ukraine**

The local subsidiary of a major US international corporation has identified an outstanding business opportunity in Ukraine which will enable western agronomic and processing knowhow to add value to an existing local industry.

A **General Manager** is wanted to build and lead a new venture, based on an existing office in Kiev, with sales, processing and agronomy teams. Candidates must demonstrate a successful profit management record in a substantial western business.

We also need an experienced Countertrader, also to be Kiev-based, to extract hard currency value by negotiating deals as a member of an international countertrade team coordinated from the UK.

Both positions require fluency in English and Ukrainian or Russian plus management or trading experience in the CIS. A generous and flexible employment package and long-term international career potential will be enjoyed by successful incumbents.

HSA

Fax CV (including home phone no.) in strictest confidence to the Company's consultant, Humphrey Sturt, to 0734 344 457 (in UK) or 44 734 344 457 (elsewhere).

Humphrey Sturt Associates

**APPOINTMENTS**

**To advertise in this section please call Philip Wrigley on 071 873 3351**

# Consultancy to the Insurance Industry

**London** — **c. £40,000**

Touche Ross Management Consultancy is seeking to recruit self-motivated individuals who would like to develop their careers in an exciting environment. Management consultancy represents an unparalleled opportunity to gain wide experience at the highest corporate levels rarely achieved in industry.

Our successful insurance consulting practice is expanding across all business areas. Our work encompasses the full range of consulting services from strategy to systems development in all sectors of the industry and typically involving multidisciplinary teams.

Our team is distinguished from competitors by our recruitment and development of industry professionals. We are particularly interested in recruits from insurance companies though candidates demonstrating a thorough knowledge of retail insurance would be welcomed.

Our requirements are for MBAs, accountants or qualified industry professionals with a good first degree and at least three years' experience working in, or consulting to, the industry. Our preferred age range is 25 - 33.

Future prospects, including partnership, are dependent only on ability and are amongst the best in major consultancies.

Please send a career résumé, including salary history and daytime telephone number, quoting reference 3360 to Stuart Rosen, Touche Ross Consultancy Recruitment, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Touche Ross is a member firm of Deloitte Touche Tohmatsu International, a market leader in providing business services to the insurance industry.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

# WOOD

COMPANY SECURITIES

Wood & Company is looking for

### HEAD OF RESEARCH

Wood & Company, established in Prague in 1990, is a member of the Prague Stock Exchange and acts as a full service broker/dealer in the Czech securities market. The firm has a significant market share in one of the world's most exciting and dynamic emerging markets.

We are seeking a talented, energetic, and motivated individual to head up the firm's equity research department. Presently, the firm has four research analysts. Our clients are primarily Western professional money managers, and our research capability must be based on high professional standards.

Candidates should have at least four years experience in a Wall Street, City of London or comparable equity research and/or corporate finance environment. Strong understanding of securities valuation is a must. Clear writing skills and the ability to manage other professional colleagues will be expected.

A financial package, including relocation expenses to Prague if necessary, will be competitive with levels in the Western markets. Czech language skills highly desirable, but not mandatory. Please respond with your CV to:

David Young
Martinská 4, 110 00 Praha 1, Czech Republic
Tel: (42 2) 2422 7731 Fax (42 2) 2422 7759

INTERNATIONAL — fast — HIGH STANDARDS

# How Fidelity Revolutionary Works.

Professional — EXCITING

**We** are the world's largest private investment organisation, with an established reputation for innovation and dynamism, largely gained through the professionalism, flair and commitment of all our people.

With offices in the major financial centres of Europe, the Far East, Japan and the United States, we are truly international. Much of this global success has been due to our perfectionist approach, backed by systems at the forefront of technology.

We are now looking for a highly motivated, flexible self-starter who can make a significant contribution to our continuing international expansion. We know that it is only by employing the very best people that we can achieve our highly ambitious plans for the future.

**INTERNATIONAL BANKING - MANAGING EUROPEAN PAYMENT AND CLEARING SYSTEMS**

*To £50,000 + benefits* — *Based Tonbridge, Kent*

The purpose of this new role is to direct the 20-strong central banking operations team who manage integrated banking systems and relationships in respect of client receipts and payments of client monies.

In the UK you will ensure the professional management and continued development of banking transaction processes, which already include joint services with major banks and leading-edge electronic systems. In continental Europe, you will work closely with marketing colleagues in advising on banking conventions and new services, and developing operational banking relationships.

Probably in your thirties and with a banking qualification, you must have at least five years' international banking experience which will have given you in-depth knowledge of European banking networks. You should also have an understanding of foreign exchange dealing, international settlements and claims, and have worked in a progressive systems and technology environment. Some international travel will be necessary.

Proven professional man-management and organisation skills are essential, as is a questioning mind and an ability to work under considerable pressure. Strength of character, resourcefulness and flexibility are also important in this role. Career prospects are excellent if successful.

Please write with your CV (quoting ref 697), including details of your salary expectations, to our consultant, Phil Bainbridge, Whitehead Selection Limited, 43 Welbeck Street, London W1M 7HF

**Fidelity Investments**

# DEALER

**Bradford** — **£negotiable + benefits**

N&P's Treasury team are looking for a dealer with a comprehensive knowledge of sterling and foreign currency markets and who is able to apply off balance sheet techniques to those markets.

Your experience will have given you a broad understanding of the impact of environmental changes and economic events upon the financial markets. You will be able to show resilience, flexibility and commitment in your approach.

This is a demanding role in a competitive environment. It will appeal to someone who will relish the challenges facing the changing personal financial services sector and has the ability to contribute within a integrated team environment.

As an innovative Financial Services Organisation, a highly structured reward package is offered which is flexible dependent upon your skills and experience. The package comprises a basic element, with a quarterly payment related to achievement, together with a flexible benefits scheme which includes an immediate concessionary mortgage and relocation assistance where appropriate.

Please write with full personal, career and salary details to:
Angela Stevens, HR Adviser,
National & Provincial Building Society,
Provincial House, Bradford BD1 1NL.

Please note we have a no smoking working environment.

N&P are committed to achieving Equal Opportunities.

N&P

National & Provincial Building Society

**LONDON** — **£50,000**

### INTERNATIONAL EQUIPMENT FINANCE SPECIALIST

**The Company:**

- Major Latin American Bank & Leasing Company

**The Position:**

- To develop a significant portfolio from European exports to a major Latin American country.
- Extensive European travel.

**Qualifications:**

- 3 to 5 years experience.
- Fluent in Spanish and English. German and French convenient.
- 35 to 45 years of age.
- Excellent sales skills.

*Please send C.V. to:*
Box B2251, Financial Times,
One Southwark Bridge, London SE1 9HL

We are an international organisation trading in securities.

Due to expansion, our Frankfurt office is looking for a:

# Bond Trader

to start as soon as possible.

- We are looking for someone dynamic and reliable, keen to take on new responsibilities with commitment and flexibility.
- You will involved by client.
- Ideally you have a sale or a trading experience in bank or in a brokerage house.

Please send your C.V. with cover letter to Box B2261, Financial Times. One Southwark Bridge, London SE1 9HL

# FX Traders

Due to expansion Royal Bank of Canada is looking to recruit one or two graduate dealers to join their highly successful Short-term Interest Rate Trading Desk.

Applicants should have a good degree in a numerate discipline from a traditional university and must have one to two years experience trading FX Forwards, currency FRAs or Short-term Swaps with a major international bank. They must be highly motivated, flexible and innovative. The right candidate will be rewarded with an attractive package and a dynamic and exciting work environment. Newly qualified graduates will not be suitable.

Applications in writing please to Liz Inglis, Manager, Human Resource Services.

Royal Bank of Canada,
71/71a Queen Victoria Street,
London EC4V 4DE

ROYAL BANK OF CANADA

### RESEARCH AND COMMUNICATIONS COORDINATOR

Reporting directly to the Managing Director of a leading specialist stockbroking house, you will be responsible for managing the Action Plan designed to improve further our position within the UK marketplace.

On the product side, this will involve checking that each piece of research achieves certain quality standards and coordinating the production of 'sector' and 'economic' reviews.

On the market side, the role will involve assessing our current position in the market, and identifying priority areas for improvement.

Candidates should:

- have a number of years experience in the financial community
- be flexible and be willing to work long hours
- enjoy the challenge of making research reports more user-friendly
- be calm and diligent, even when under pressure

This is a senior position and will be rewarded accordingly. Interested parties should write enclosing a CV to Box NoB2256, Financial Times, One Southwark Bridge, London SE1 9HL.

### MANAGING DIRECTOR
**Investment Banking - UK Mortgages**

T M A C — The Mortgage Acquisition Corporation Limited

TMAC Ltd., an affiliate of a US based, specialist investment banker, is seeking a dynamic, experienced individual to coordinate our mortgage conduit's activities with building societies, centralised lenders, etc.

Successful candidate will understand fully the UK mortgage business and have proven deal making skills. Lots of UK and some US travel. Top salary plus profit percentage provide extraordinary income opportunity to individual who knows how to generate residential loan volume from institutions.

Fax resume to Mr Cohen 071-495-4607

### HEDGE FUND SALES

Experienced individual sought to raise capital for new fund in development at highly successful, fast-growing global investment bank known for applying quantitative methods and advanced technologies to securities trading. Must have strong contacts in Europe and/or Asia as well as an exceptional track record in raising capital internationally for sophisticated hedge funds. Upside strong enough to be worth the attention of the best in the business.

Send your resume in strict confidence to Laurence Morton, Box 4505, New York, NY 10163-4505, USA.

### HEAD OF DERIVATIVES OPERATIONS
### to £60,000

A significant opportunity exists within a major International bank for a Head of Derivative Operations. This is a challenging and rewarding role for an experienced professional with a good degree in a Maths related discipline. Candidates will be expected to show a practical knowledge of a large range of derivative products, particularly simple and complex swaps, which is likely to have been gained with a major player.

In addition the candidates must be able to demonstrate a clear capacity for strategic thought, the management ability for major change, and critically be able to accept a leading role in the development of support systems.

Would interested applicants please call Tony Sheppeard or Tessa Beck for more information.

**AUSTEN SMYTHE SEARCH and SELECTION**
127 Cheapside, London EC2V 6DH
Tel: 071 600 2862 Fax: 071 726 4290

## MURRAY BEITH & MURRAY W.S.

Solicitors, Estate Agents and Financial Advisers

# PRIVATE CLIENT INVESTMENT MANAGER

## EDINBURGH

Murray Beith & Murray is a progressive firm of Scottish Solicitors based in Edinburgh. It is one of the leading UK law firms in providing a comprehensive range of 'in-house' investment management services to its substantial base of private clients, including Trusts.

Due to a significant increase of funds under management, the firm is seeking to recruit an additional senior investment manager in its Investment Management Group. The job calls for a variety of skills and ideally candidates should have had at least 5 years' experience of private client investment management and have attained membership of the Securities Institute or other professional body. The ability to communicate effectively with clients and other group members is essential and the successful candidate will be expected to play an active role in formulating investment strategy.

This appointment offers a competitive remuneration package, commensurate with experience, and challenging prospects in a leading professional firm dedicated to expanding its investment management business.

Applications in writing including a full Curriculum Vitae should be made to:- The Director of Staff and Administration,

**Murray Beith & Murray W.S.,**

39 Castle Street, Edinburgh. EH2 3BH. Telephone : 031 225 1200.

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CITY

£ EXCELLENT PACKAGE

## SAMUEL MONTAGU

member HSBC group

### MANAGER - INTERNATIONAL PROJECT ADVISORY UNIT

Samuel Montagu is the UK and European merchant banking arm of the HSBC Investment Banking Group, which is responsible for the merchant banking, securities and asset management activities of HSBC Holdings plc, one of the largest and most strongly capitalised financial services organisations in the world.

The Project Advisory Unit offers advice to a broad range of governmental and corporate clients in areas such as privatisations and industrial and infra-structure projects.

An outstanding opportunity now exists within the Project Advisory Unit for a high calibre banking professional who will be involved in the development and execution of Samuel Montagu's privatisation business in the European Union and associated countries.

The successful candidate will:-

- have a minimum of 5 years relevant banking/international corporate finance experience
- be fluent in at least 2 major European languages, including English
- possess the necessary commitment and drive to succeed within this team based environment

Applications are sought from those individuals who can demonstrate a truly international background. In return a highly attractive package is on offer and excellent career prospects.

For further information please contact **Stephen Grant** at **Robert Walters Associates** on **071 379 3333** (confidential fax **071 915 8714**), or write to him at **25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

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# DERIVATIVES FUND MANAGER NEW HORIZONS

Sun Life Investment Management (SLIMS) is the fund management arm of the Sun Life Group. SLIMS' success is based on the growing reputation of its investment track record.

To strengthen our global strategy function, we are looking for a dynamic individual with the know-how required to implement a derivatives function at Sun Life - and to ensure its continued development.

With prime responsibility for derivative-based asset allocation overlays, at least 2/3 years' hands-on derivatives experience, together with 6 years' financial sector experience is essential. As a key individual in the decision making process, you will combine proven analytical and research skills with a confident presentation syle. A degree and IIMR qualifications are pre-requisites.

We can offer a competitive salary and benefits package commensurate with a large financial services group. If you are interested, please send your CV including current remuneration to:

**Harriet Calling, Personnel Officer, Sun Life Assurance Society, 107 Cheapside, London EC2V 6DU.**

SUN LIFE

INVESTMENT MANAGEMENT SERVICES

Sun Life offers equal opportunities in employment and welcomes applications from suitably qualified people regardless of sex, marital status, ethic origin or disability.

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## MANAGEMENT CONSULTANT

International Management Consultancy seeks an experienced consultant to assist in further developing their European practice. Applicants should possess 6+ years' experience in financial services and payment systems (preferably plastic cards), with marketing, finance and/or accounting background. Position requires strong analytical, financial, and communication skills. Multi-lingual ability preferred.

*Interested parties should send CVs to: Box B1998, Financial Times, One Southwark Bridge, London SE1 9HL*

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THE CORPORATE SERVICES GROUP

*A leading European Bank with a well-established asset management and private banking capability is looking to complete its team in London.*

## RELATIONSHIP MANAGER PRIVATE BANKING

Candidates will be able to build and service a portfolio of clients in the Middle East and Africa through extensive contact and travel. A minimum of 3 years' successful experience in a similar position with exposure to investment strategies and facility negotiations is required, together with fluency in Arabic and French.

## PORTFOLIO MANAGER

Candidates will relish the opportunity to help set up and lead a new unit offering private asset management services to multi-currency based international clients. With at least 5 years' proven track record of asset allocation/strategy and experience in international investment funds, candidates will also be involved in the organisation and systems of the unit, working closely with the relationship team to expand the assets under management. Additional language skills will be an advantage.

These roles represent an excellent opportunity for motivated candidates to join a dynamic group in a first class bank, committed to developing its already considerable Private Client capabilities throughout Europe.

Applicants should write, enclosing their CV and details of their current remuneration to Frank Hoy, Austin Benn, Executive Search & Selection Division, 15 Eastcheap, London EC3M 1BU or fax 071-929 0197. Alternatively, for further information, you can call him on 071-626 6460.

*Executive Search & Selection Division* Austin Benn

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# THE UNITED BANK OF KUWAIT PLC

We are a well established international consortium bank with a proven record of commitment to the financial markets in London. To demonstrate this we are now seeking to recruit two senior members of staff. Both positions will attract a highly competitive salary, together with a performance related bonus and full banking benefits. The vacancies are:

### OFF BALANCE SHEET TRADER

Ideally aged between 25 and 35, the successful candidate will have a minimum of three years direct experience of trading in Off Balance Sheet markets. They must also be able to demonstrate current profitability.

### SENIOR REPO. TRADER

With a minimum of three years relevant experience covering US and European fixed income markets. Preferably aged between 25 and 35 and capable of taking an established business forward to meet the challenges of expanding markets.

For both positions please forward a detailed Curriculum Vitae in confidence to:

Angela Youels
Personnel Manager
THE UNITED BANK OF KUWAIT PLC
3 Lombard Street
London EC3V 9DT

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**RESULTS**

# FOREX DIPLOMA

FOREX EDUCATION

## EXAMINATION PASSES

### PASSED WITH DISTINCTION

| | | | |
|---|---|---|---|
| Robin | Gubbins. | Midland Global Markets, | London |
| Ben | Kiggell. | Midland Global Markets, | London |
| Paul | Lewis. | Bank for International Settlements | Zurich |

### PASSED

| | | | |
|---|---|---|---|
| Gabor | Jakab | BNP - KH- Dresdner Bank Budapest | Budapest |
| Lee | Wickenden | Republic National Bank of New York | London |
| Michael | Brannigan | National Bank of Egypt Intl Ltd., | London |
| Hilary | Walker | Bank of Scotland Treasury Services PLC. | London |
| Stephen | Lorimer | Bank of Scotland Treasury Services PLC. | London |
| Ian | Hollingworth | Commonwealth Bank of Australia | London |
| Andrew | Keeble | Baring Brothers & Co Ltd., | London |
| Clive | Jones | Lloyds Bank Plc. (Treasruy Division) | London |
| Joe | Craven | Ing Bank | London |
| Julia | Williamson | Republic National Bank of New York | London |
| Kelvin | Macdonald | Republic National Bank of New York | London |
| Paul | Lattimore | Westdeutsche Landesbank | London |
| | Jyh-Jia-Yeh | Private Entry | London |
| Marie | McGuinness | ABN Amro Bank NV., | London |
| Ram | Sabri | Westpac Banking Corporation | London |
| Garry | Knights | Banque Francaise du Commerce Exterior | London |
| Donna | Fagan | Northern Trust Co. | London |
| Andrew | Rix | Banco Espirito Santo. | London |
| Paraic | Cosgrave | A.I.B. Bank | London |
| Jill | Harwood | Barclays de Zoete Wedd | London |
| Miles | Bennett | Barclays de Zoete Wedd | London |
| Jan | Duesing | Barclays de Zoete Wedd | London |
| Steven | Everett | Barclays de Zoete Wedd | London |
| Karen | Hoener-Harris | B.P. Finance Ltd., | London |
| Keith | Heathorn | National Westminster Bank Plc., | London |
| Danine | Benardout | Credit Lyonnais | London |
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All enquiries should be directed to Brian Green 0604 864759

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*For further information please call **Julian Davey on 071-638 9205**. Or write to him, at **The Zarak Hay Partnership**, 6 Broad Street Place, Blomfield Street, London EC2M 7JH. Confidential fax 071-588 2942.*

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## ACCOUNTANCY COLUMN

# Pieces of Cadbury still await consumption

**Andrew Jack** explains that two of the report's most vital recommendations have yet to be implemented

An unlucky 13 months or more after launching his report on the financial aspects of corporate governance, Sir Adrian Cadbury must be beginning to wonder whether its final chapters will ever be completed.

While companies are now frequently making reference to the code in their accounts, they have had to be assured that they need only comment on those aspects for which final guidelines have been issued and come into force. Two vital elements are still missing.

Introduced into the committee's debates relatively late in the process, and squeezed almost as a casual aside into the draft text, are a couple of points with which companies are expected to comply but for which guidelines have still to be finalised.

The first says that "directors should report on the effectiveness of internal control, and the auditors should report on their statement".

The second says "directors should state in the report and accounts that the business is a going concern, with supporting assumptions or qualifications as necessary, and the auditors should report on this statement".

The two phrases seem innocuous enough. But rarely have so few words triggered such ferocious debate, lengthy expositions and inordinate delay. The disputes are still very much alive.

In fact, the way things are going, it may well be early next year, if at all, before companies are in a position to start complying with the going concern and internal control recommendations. That would be just a few months before Cadbury's sponsors are charged with appointing, by the end of June 1995, a new group to assess progress and develop new suggestions.

Existing guidance is certainly weak. Present companies legislation requires directors to maintain adequate accounting records to enable them disclose the financial position of the company at any time with reasonable accuracy. That suggests the need for internal controls without any explicit requirement.

The companies acts also require accounts to be prepared on the presumption that the company is a going concern, defined in SSAP 2, the accounting standard on disclosure of policies, as likely to continue for the foreseeable future. Auditing guidelines, in turn, say this is normally six months after the date of the audit report or a year after the balance sheet date, whichever is the longer. The specific requirements are vague.

The sting in the tail is the second sentence of each of the two Cadbury recommendations: that the accountancy profession together with preparers of accounts should develop criteria and guidance on the topics for companies and auditors.

Getting a group of accountants and company executives to agree has proved far harder than probably anyone initially expected. How useful any final wording will be remains open to question.

The troubles first began last June with a speech by Michael Lawrence, the former finance director of Prudential and chairman of the 100 Group of finance directors of leading companies, who recently became chief executive of the Stock Exchange. He was critical of "corporate overload" as a result of so many new sets of guidelines.

The result was the "overload group", which has since met regularly to help co-ordinate discussions and ideas. In practice, this has meant delays for the guidelines on internal controls and the going concern statement.

One of Lawrence's prime concerns – echoed by much of business – was (and remains) that the internal controls proposals ranged far more widely than Cadbury's initial suggestions, with excessive and potentially meaningless disclosures.

Even the accountancy profession, which might stand to gain new fees from auditing and advising on more extensive internal control statements, is divided. For example, Gerry Acher, making his mark as head of accounting and auditing at KPMG Peat Marwick, says it focuses too far on the minutiae.

Mr Roger Davis, head of auditing at Coopers & Lybrand, takes a similar view. "The profession has taken a fairly simple concept – is the board doing the right sort of thing on internal controls? – and turned it into dozens of pages of technical detail," he says. "We are in danger of shooting our clients in the back and ourselves in the foot."

On the other hand, Paul Rutteman, a technical partner with Ernst & Young, who chairs the internal control working party, remains convinced of the need for a statement. He argues that directors are already responsible for maintaining internal controls, so they are not being placed under new obligations; nor should they need to incur additional expense to provide a statement.

However, he does concede that the existing guidance is too lengthy, and is now working on a revised version with a remit to make it substantially shorter.

The going concern debate has until recently taken place more behind the scenes, because it has primarily been seen as an internal technical debate for auditors and accountants. Yet its implications are as significant.

That all changed when the Auditing Practices Board issued its own draft going concern guidance in December. This called for an extension of the period over which auditors should gain reassurance that the company is viable: for one year from the date on which the accounts are approved.

Meanwhile, the working group convened at the Institute of Chartered Accountants in England and Wales to develop the Cadbury guidelines has developed a different view: that rigorous going concern assurance is only feasible up till the date of the next balance sheet. Beyond that, their budgets and other information are more limited and the the assurance cannot be as firm.

What this ignores – and the board has tried to rectify – is that companies in financial difficulties may well delay signing the accounts until long after the year-end, and just a few months before the next balance sheet date, giving going concern assurance over a very short period.

Now Henry Gold, technical director of the institute, is suggesting a compromise: that reassurance over an extended period should be provided in the operating and financial review section of the annual report.

It is clear that both the internal controls and going concern issues still deserve considerably more debate before final conclusions are reached. But that still ignores a more fundamental question: whether either statement will make any real difference to corporate governance.

The risk is that the wording chosen will veer in the direction of the text in US annual reports, heavily vetted by lawyers and saying little that would provide a public clue to any financial problems.

Mr Gold argues that the fact that directors are forced to make a public statement on either subject will concentrate their minds and force them to be more rigorous in meeting their legal obligations.

But if directors need to be reminded more fully of their obligations to maintain internal controls and state whether their company is a going concern, that would probably be best achieved by a change to the law.

If auditors are to be required to comment or contradict any such directors' statements they believe to be false, there will also need to be far firmer guidelines to force them in this direction.

Merely adding new text triggers the danger of simply producing more bland text in the annual report, which readers will justifiably skip knowing that its contents are all but meaningless.

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33

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# The British Council

## Finance Manager – Enterprises Group

*A high profile commercial role in a time of change*

Central London — c.£40,000

The British Council is Britain's principal agent for cultural relations and development aid abroad. It is represented in 100 countries and employs 6,500 staff worldwide. Enterprises Group is a £70m turnover internal agency that manages the Council's network of teaching centres, as well as running specialist seminars and administering examinations.

Enterprises is a self-funded business, operating entirely on commercial lines, with surpluses re-invested to maintain and improve quality and fund expansion. Reporting both to the Deputy General Manager of Enterprises Group, and the central Financial Controller, the Finance Manager will play a vital role in the continued success of the Group.

Key tasks will include:

- taking a lead role in the introduction of accruals accounting and the implementation of a new financial information system;
- providing advice on improving the commercial performance of Enterprises;
- leading, motivating and training the finance team and providing management information and analysis for the Group.
- maintaining and developing corporate financial control systems and standards;

**This is a first class opportunity to contribute to the British Council as it repositions itself to become an increasingly tightly-controlled, cost effective and commercially-aware organisation.** Candidates should be graduate qualified accountants, aged 28-38, with a successful track record in broad-based financial management roles, in a large, complex multinational environment. Experience should include staff training, financial control, analysis and systems development. Some knowledge of activity-based costing, capital appraisal and foreign exchange risk management would be an advantage.

Personal characteristics must include energy, professionalism and excellent communication skills. The ability to think laterally and solve problems creatively would be highly valued. The Finance Manager will spend about 30 days a year abroad.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 256J on both letter and envelope, and including details of current remuneration and availability.

The British Council is an equal opportunity employer.

Registered in England as a charity no. 209131

GKRS
SEARCH & SELECTION
CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TEL: 071 287 2820
A GKR Group Company

Inland Revenue
Training Office

# Taxation Specialist

## To manage a new centre of excellence

**Lincoln** **c.£40k + PRP**

Lawress Hall, a new centre of excellence in management education and professional development is opening this April. Evidence of the Inland Revenue's commitment to providing a more flexible and efficient service.

Focusing primarily on Inland Revenue needs, Lawress Hall will also offer outside organisations comprehensive residential conference, seminar and training facilities.

As Head of College you will be responsible for management education and training, acting as expert, consultant, business manager, publicist and entrepreneur. Although the post is for 5 years in the first instance, there is the possibility of an extension.

This is an exciting opportunity for a taxation specialist with a first degree, further management qualification and excellent track record of achievement to build a successful and profitable business. Quality driven with plenty of enthusiasm and stamina you will need to be highly customer focused, extremely innovative and highly articulate with the credibility to impress senior board members.

The rewards are excellent and you will receive a competitive salary to reflect your experience.

For a briefing pack about this unique and challenging role, please contact Richard Knowles, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Tel: 071 487 5000 quoting ref A1305. The Inland Revenue Training Office is an equal opportunity employer. Completed applications should be in by 25th February 1994.

**MSL International**
CONSULTANTS IN SEARCH AND SELECTION

# HEAD OF INTERNAL AUDIT

**NEW INTERNATIONAL GROUP FUNCTION**

**BASED BENELUX** **c.$150,000 + BENEFITS**

- Rare opportunity to create a group audit function from existing and new resources for a $3 billion turnover group with subsidiaries worldwide.
- Main purpose of this new role is to develop an effective internal audit function both at group and operating company levels and satisfy the requirements of the Audit Committee. Key activities are to establish terms of reference, review internal controls and develop appropriate policies and procedures.
- Future prospects for broadening the scope of the role and further career opportunities are excellent within an expanding international group.
- Probably 35-45, and a qualified accountant. Proven record either as a senior member of a substantial and influential internal audit team or a senior professional in a major international accountancy practice.
- Must combine an ability to see the big picture with a willingness to play a hands-on role. International exposure to dispersed groups with strong operating companies. Able to commit to significant travel schedule.
- Fluent English. Thrives on change rather than rule-bound stability. Strong interpersonal, diplomatic and presentation skills.

Please apply in writing quoting Ref: 700
with full career and salary details to:
Peter Evans
Whitehead Selection Limited
43 Welbeck Street, London W1M 7HF
Tel: 071 637 8736

Whitehead SELECTION
A Whitehead Mann Group PLC company

# European Finance Manager

**London** **to £35,000 + Car**

The European Division of a US Engineering group, our client manufactures sophisticated instrumentation and control systems for the automotive and aviation industries. It has a network of operations in Western Europe and is currently expanding its interests Eastwards.

As a member of a small Head Office team, the European Finance Manager will work closely with both the FD and the MD. The successful candidate will be responsible both for Head Office accounting and control and for subsidiary budget review and performance analysis. In addition the role will involve capital expenditure appraisal, special investigations and a broad range of project work, liaising directly with the US parent group and with Controllers at the subsidiaries.

Candidates should be qualified accountants with solid commercial accounting experience gained in a substantial manufacturing environment. We are looking for a mature, self-starter who readily accepts responsibility and who communicates with confidence at the highest levels. You should have well-developed technical and administrative skills, be able to travel internationally at short notice, and be comfortable working on your own initiative.

To apply please write in confidence enclosing a CV and details of current remuneration to Paul Carvosso, Ref: 54C36, MSL International Ltd, 32 Aybrook Street, London W1M 3JL.

**MSL International**
CONSULTANTS IN SEARCH AND SELECTION

Coopers & Lybrand

**OIL & GAS** **INTERNAL AUDITORS**

# Delivering objectivity and adding value to joint venture audits

Joint venture auditing in the oil and gas industry is a new service from Coopers & Lybrand. It is a service we are uniquely placed to develop. As one of the world's leading professional services organisations, we offer clients broad-based objectivity and the highest possible standards. We combine quality and cost-efficiency with a first class, independent knowledge of the global oil and gas industry.

Spearheading this new service as an experienced internal auditor, you will market these capabilities to prospective clients around the world, building oil and gas joint venture auditing into a significant business base.

Genuinely capable of building a business, you will be an experienced internal auditor with extensive exposure to joint venture auditing. An ambitious chartered accountant, you should have an excellent knowledge of the oil and gas industry, along with a keen awareness of the importance of service delivery.

The rewards are everything you would expect from a business of the stature of Coopers & Lybrand. Additionally, you will be given opportunities to become involved in other aspects of our diverse business activities.

If you feel you could contribute to the building and development of our team, please write with full career and salary details, to Stephen Mitchell, Coopers & Lybrand, 1 Embankment Place, London WC2N 6NN quoting ref FT065 on both envelope and letter.

**Solutions for Business**

Coopers & Lybrand

**ACCOUNTANTS FOR CONSULTANCY** **UP TO £50K**

# Financial & Business Performance Measurement

Coopers & Lybrand is one of the UK's leading firms of management consultants and accountants. The breadth of our experience, the calibre of our people and our unswerving commitment to excellence is continually in demand from the financial services sector.

This quality of service is maintained and developed by the continual recruitment of the industry's top professionals. We are currently seeking to recruit ambitious accountants, with demonstrable experience in the banking, building society or securities sector. In this uniquely challenging environment, you will be working on a wide variety of demanding assignments on behalf of prestigious blue-chip organisations both in the UK and internationally.

Part of a high quality team, committed to the achievement of leadership in its marketplace, you will work with clients to improve the way they measure and manage their profitability, performance and costs. You must, therefore, be able to demonstrate immediate credibility, up to Board level, on issues such as management information, product and customer profitability and activity based costing. In return, we offer excellent opportunities to develop your career and individually tailored training.

A qualified accountant, with an impressive academic background, aged mid-20s to mid-30s, you must be able to point to at least two years' financial services sector experience. Just as relevant are your first-class communication skills, commercial insight, self motivation and an ability to produce pragmatic, yet imaginative business solutions.

If you feel you can add to the strength of our team, please write with full career and salary details to Jenny Penwarden, Coopers & Lybrand, Plumtree Court, London EC4A 4HT, quoting ref. FT066 on both envelope and letter.

**Solutions for Business**

# British Railways Board

# SENIOR BUSINESS ANALYSTS

## Managing the transfer to the Private Sector

**c£40,000 + Excellent benefits**

**Central London**

The privatisation of British Rail is one of the most demanding business challenges of post-war years, involving the creation of new business units which will transfer to the private sector Analytical support for Board Members and senior Group Directors in managing these major changes will be provided by a high calibre team working together to cover all aspects of financial and operating performance and business planning

The requirement is for three Senior Analysts to lead small teams within the Group Financial Analysis department, providing support to the Directors of the three groups of passenger and freight train operating units The roles will also include the provision of key business advice to the Chief Executive and other Board Members on maintaining financial and operating performance whilst developing the business units for transfer to the private sector.

Specific duties will include -

- Analysis of current performance, forecasts and plans.
- Identification of key performance issues and impact on strategic business performance, both for individual operating units and the overall (corporate) business.
- Preparation of financial performance briefing reports for presentation to senior management and the Board.
- Assistance in the development and management of the budgeting and planning process

Candidates will be graduates, with either a recognised accountancy qualification or an MBA Personal attributes will include strong analytical communication and team working skills, together with sound business awareness and the ability to think strategically.

Please apply, enclosing full C.V to Collette Harrison at Robert Half, Walter House, 418 The Strand, London, WC2R 0PT. Tel. 071-836 3545, 24 hours. Fax 071-836 4942

As retained consultant, any C V's submitted directly to our client will be forwarded to Robert Half.

ROBERT HALF
THE HUMAN FACTOR

Grampian Country Food Group
Traditional Goodness

# Accountant - North Wales

Grampian Country Food Group, one of the largest fresh and frozen chicken producers in the UK have recently acquired Cymru Country Chickens Ltd., based in Anglesey. The opportunity now exists for a high calibre accountant to join the management team and act as the company's senior finance person.

The company's integrated operations are run through three divisions, Hatching, Rearing and Processing of 240,000 birds per week at the company's automated production plant dedicated to processing chickens for the major retail trade.

This is a senior management position with the opportunity to build a supporting accounting team. It will require the ability to control and develop the existing accounting, reporting and management information systems and play a full part in influencing the profitable growth and commercial development of the business.

Food processing experience is not as important as the ability to demonstrate achievement in a demanding industrial environment.

An excellent remuneration package will be offered, including a company car and the benefits of working for a highly progressive group of companies. Re-location will be available,where necessary.

If you believe you can make a major contribution to the on-going success of Grampian Country Food Group, please reply in writing, including full C.V., and full salary history to:-

*Group Human Resources Manager, Grampian Country Food Group Limited, Coulman Street, Thorne, South Yorkshire, DN8 5JT*

The closing date for applications is 18th February, 1994. No Agencies.

Grampian Country Food Group

# FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world.For information on rates and further details please telephone:

**Clare Peasnell on 071 873 4027**

# Bankers Trust Company

## OPPORTUNITIES FOR ACCOUNTING AND BANKING PROFESSIONALS

Bankers Trust is pre-eminent in the creation, trading and distribution of Securities and Derivative products globally, as well as being a leader in Risk Management. A strong capital base and an extremely impressive performance record (1993 earnings exceeded $1 Bn) is driving the expansion of the bank on an international scale. As a result there are a number of outstanding opportunities in two of the most prominent areas of the organisation. Applications are welcomed from individuals who have the ability, personality and motivation to be successful in our dynamic, fast paced and demanding environment.

### Risk Consultants

As part of a global group, the London team focuses on the businesses in Europe which encompass Proprietary trading, Derivatives and Fiduciary Services.

The team applies advanced risk focused procedures including mathematical modelling and computer assisted techniques to assess and provide consulting advice on valuation, accounting, risk management reporting and operational matters.

Specifically the team examines:

- How the risk of complex and esoteric financial products and transactions is being structured, managed and reported
- Systems support and developments
- Internal controls and management of the business

The team is encouraged to challenge the status quo and act as a catalyst for change.

### Financial Analysts

The European Financial Group is responsible for producing financial, management and regulatory information across Europe, which includes London, Frankfurt, Paris and Madrid. Close liaison with a variety of business units incorporating Treasury, Tax, Credit and all operational areas ensures extensive exposure to the full range of the bank's complex financial products.

The role encompasses:

- Addressing the accounting and regulatory issues arising from new products and companies
- Ongoing systems development, including the design and implementation of a major new corporate wide accounting and reporting system
- Production of monthly results for New York with the emphasis on detailed analysis of P & L and both on/off balance sheet products

### The People – "Our success is based on our people"

Successful candidates will ideally be qualified accountants with two to eight years banking experience gained from an accounting, controllers or audit function within the banking industry or accounting profession

You will also be:

- Numerate and analytical
- Able to work under pressure without sacrificing quality
- A team player with excellent communication and interpersonal skills
- Flexible and creative

Both roles offer excellent career progression either within the group or globally across the bank. A second European language would be advantageous.

Please clearly indicate which role you wish to be considered for and call Tony Barnes at Robert Walters Associates on 071-379 3333 (confidential fax 071-915 8714), or write to him at 25 Bedford Street, London, WC2E 9HP.

ROBERT WALTERS ASSOCIATES

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CHRYSSAPHES FLAMMIGER ASSOCIATES

International Accountant with Commercial Flair

## Finance Manager

***Age to 40*** ***Full Expatriate Package*** ***Southern Africa***

Our client is a diverse multinational group employing in excess of 16,000 people, with operations in over 40 countries across Africa, the Pacific, Middle East and Europe.

An exceptional individual is sought for the position of Finance Manager of one of the Group's businesses in Southern Africa, a major distributorship engaged in the servicing and importation of capital equipment and spare parts.

Reporting directly to the local Managing Director and functionally to the Divisional Finance Director in London, you will manage a large team and be responsible for all financial matters. In particular, you will be expected to provide a strong strategic and commercial financial perspective to the business and, together with other company managers and directors, ensure the company's sustained profitability, long-term growth and liquidity.

You will be a highly pragmatic, qualified accountant with previous exposure to Africa, ideally gained from within a service culture or trading environment, who can offer commercial flair, and a strong affinity to systems. This important position offers a substantial and comprehensive expatriate package on an initial two year contract (on either married or single status), and is likely to lead to a long-term career opportunity elsewhere within the Group.

**You should write, enclosing a resume and details of current remuneration, together with daytime/evening telephone numbers, quoting reference 401/A on both envelope and letter, to the address below.**

**Chryssaphes Flammiger Associates, Bechtel House, 245 Hammersmith Road, London W6 8DP.**

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## *Finance Support Manager*

*GRE Mortgages Limited is a member of the Guardian Royal Exchange Group of Companies. The Ipswich-based team has funds under management of some £600 million, including both residential and commercial loans.*

*With the rapid expansion of our business, we are now looking to add an experienced Finance Support Manager to the team. You will run a 16-strong specialist unit dealing with a mixed portfolio of more than 8000 accounts. You will also act as Company Accountant handling both this business and the growing External Client Funds we also manage.*

*A graduate with an ACA qualification, you should have at least two years' experience in a commercial environment. The nature of the role demands both first class people management and high level communication skills. The ability to analyse complex verbal and numerical data is also essential as are first rate organisational and planning skills.*

*For an individual with drive and ambition, this is an excellent opportunity to take a senior position with a company that is well placed to maintain its growth momentum.*

*Please send your CV to: Mrs.L.Taylor, Personnel Officer, U.K. Management Development, Guardian Royal Exchange, Civic Drive, Ipswich IP1 2AN.*

*Closing Date: Friday 18th February, 1994.*

*c.£28,000 + Benefits*
*Ipswich*

Guardian Royal Exchange

GRE is an Equal Opportunities Employer.

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CORNWELL PARKER

## DIVISIONAL FINANCE DIRECTOR

**Furniture** **Up to £60k**

Major changes in our marketplace and the identification of new business opportunities have brought about the formation of Cornwell Parker Furniture, to incorporate the businesses of Parker Knoll and Nathan Furniture.

As part of our restructuring, we have created the key post of Divisional Finance Director, whose primary role will be to provide the Chief Executive with advice and guidance on the financial implications of commercial/manufacturing strategies and business development opportunities. Additionally, you will be actively involved in driving the progressive development of M.I.S., as well as overseeing the accounting, budgeting and planning programmes for the division's operating businesses.

As a senior financial professional you will have had rapid career development within 'blue chip' organisations, including some experience at operational level within a multi-site manufacturing environment, preferably within the quality consumer durables sector. Subsequently you will have made a strong personal contribution to providing new business direction within a rapidly changing industrial organisation at both operating company and divisional/group level.

You will be renowned for your strategic and analytical thinking ability, whilst retaining a high level of commercial awareness. A positive commitment to extending IT systems to all areas of the operation within the framework of an integrated policy is essential.

A competitive benefit package, including a fully expensed car, complement a salary of up to £60k plus performance related bonus.

Applicants should forward a comprehensive c.v. to: Clive Hallett, Group Head of Human Resources, Cornwell Parker plc, The Courtyard, Frogmoor, High Wycombe, Bucks HP13 5DJ.

CORNWELL PARKER

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## Portfolio

### Recently Qualified

**To: £32,000 + car/benefits West End**

* Strong Academic Record

Major publishing group seek energetic and lively graduate ACA to work alongside Group Finance Director. Exposure to all aspects of Group activity will ensure significant career development. Ideal candidates should be 'Big 6' trained with 2 years post qualified experience gained in an industrial or commercial environment.

Contact: **David Brownlow** quoting Ref: FT9432A

### Operational Review

**£29,000 + benefits London**

* R/Q ACA
* Career development

A truly blue chip FMCG group with substantial retail interests seeks recently qualified ACA's to join operational review team. Additional skills including languages and systems audit experience are helpful but not essential. Candidates must demonstrate line management potential for next move.

Contact: **Pippa Curtis** quoting Ref: FT9432B

### Financial Services

**£27,000 + benefits City**

* Hands-on Finance role
* Excellent first move from profession

Superb opportunity within world-wide Financial Services organisation for a recently qualified ACA. High professional standards, interpersonal skills and the determination to succeed are of more importance than specific F.S. experience. Seen very much as a springboard to other roles this move will provide a solid grounding in nuts-and-bolts accounting as well as a high level of trader contact.

Contact **Jonathan Gill** quoting Ref: FT9432C

**Douglas Llambias Associates, 410 Strand, London WC2R 0NS, Telephone 071 836 9501, Fax 071 379 4820.**

DLA DOUGLAS LLAMBIAS
RECRUITMENT CONSULTANTS

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## Finance Director

c.£50k + bonus + car

Northern Home Counties

A finance director is sought to partner the managing director in running and developing to its full potential this recently created division of a leading European fresh and manufactured food group. Turnover is £150m: customers include supermarkets, processors and the food service industry. Sophisticated EDI systems link suppliers and customers. Candidates must be graduate calibre qualified accountants, probably in their mid 30s to 40s, with experience of working in a large quoted group, probably as finance director of an operating division. Sound commercial acumen is as vital as technical excellence: in addition, we seek a good analytical brain, strong presentation skills, and a degree of computer literacy. Diplomacy, persuasiveness, and self-confidence are essential. Please reply, in confidence, with full career details to Peg Eva, as adviser to the company, at Thomson Partners Ltd., 1–11 Hay Hill, Berkeley Square, London W1X 7LF.

Thomson Partners
Search and Selection

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• C I V I L • S T A F F •

## SENIOR ACCOUNTANT

### A leading development role

Our drive to improve financial control and achieve value for money in the Metropolitan Police Service is now well under way. Within our Finance Department we are currently implementing a new Financial Information and Enquiry Support System which offers a significant challenge for a suitably qualified professional.

You'll be closely involved in the appraisal and improvement of financial management systems including the ongoing development of dual cash and accruals based accounting system and the service-wide introduction of cost centre accounting and budgetary control. Responsible for the provision of advice regarding feeder system requirements and user specifications you'll indentify training for users and have an important role in helping to communicate the new central management accounting service.

A Qualified Accountant, with practical experience of government and commercial accounting, the development of computer–based accounting systems and project management procedures, you will be able to quickly build on the progress we've made to date. An understanding of 4GL accounting systems running on relational databases would be an advantage.

Your starting salary will be between £25,327 – £28,391 (including London Weighting) depending on aptitude and experience and rising to £29,774 dependent on annual assesment of performance. You will also enjoy benefits including non-contributory index linked pension scheme and generous annual leave allowance.

To apply please contact the Metropolitan Police Service Personnel Department on 071 230 4069. Completed applications should be returned to Metropolitan Police Civil Staff, Personnel Department, Room G04, 105 Regency Street, London SW1P 4AN, by 18th February 1994.

We are an equal opportunities employer and welcome applications from all suitably qualified individuals.

METROPOLITAN POLICE

Employing over 16,000 people, the Metropolitan Police Civil Staff is one of London's largest employers, providing comprehensive and essential administrative, professional, scientific and technical services throughout the capital.

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## MAJOR US BANK
## Capital Markets
## MANAGEMENT INFORMATION

**c£40,000 + banking bens • London**

A highly regarded and rapidly expanding major US bank wishes to strengthen its Management Information function by appointing a **Senior Officer.**

The position controls a department of some 15 staff responsible for the provision of management information including budgeting, forecasting, special projects and analysis. Working closely with the front office the individual must be able to demonstrate above average product knowledge to increase the workload of the department in terms of both quality and quantity.

Applicants should be qualified accountants aged in their early 30's with a post qualification background in financial services.

There is also a need within Management Information to appoint two **Newly/Recently Qualified Accountants.** Ideally applicants will have financial sector knowledge although this is not a prerequisite. It is essential however that they are ambitious, self motivated with an enquiring mind.

Please contact Robert Morgan at

the fleet partnership

**Financial Recruitment Consultants**
117 Newgate Street, Old Bailey, London EC1A 7AE
Telephone: 071-600 6500 · Fax: 071-600 6300

# GROUP FINANCE

**London** **£33,000 + Benefits**

This important appointment is with a prestigious multinational group engaged in the manufacture of products used within the construction industry and consumer goods. Internal promotion necessitates the appointment of an ambitious qualified Accountant to the organisation's group finance department.

Initial responsibility will centre on maintenance and development of group reporting systems, including the introduction of a new consolidation system. Other responsibilities will include the review of information from operating areas and the highlighting of all major accounting/business issues.

Applications are invited from Graduate Chartered Accountants with at least two years post-qualification experience, who can demonstrate an up-to-date knowledge of technical accounting issues, relevant systems skills, an ability to communicate effectively at all levels and a determination to get things done.

The successful candidate will enjoy a strong liaison role with subsidiaries and the necessity to develop an understanding of their products/business. The outstanding career potential may lead to a senior finance appointment within an operating group in the medium term.

**Please reply in confidence with a comprehensive curriculum vitae, including details of current remuneration and a day time telephone number to D. E. Shribman, Hudson Shribman, Vernon House, Sicilian Avenue, London WC1A 2QH (fax 071-404-5773).**

HUDSON SHRIBMAN
financial recruitment

# *Finance Manager*

The core business of a major plc, this multi-million pound division is achieving significant profit growth, thanks to excellent standards of customer service, vigorous cost control and a capital investment programme of over £100 million.

As part of their strategic development, the currently centralised operations are being devolved to autonomous Business Units. Each will have a multi-discipline management team, accountable for the commercial success of the Unit.

As head of the finance function in the Northamptonshire based team, your brief is to ensure that all aspects of financial management and control within the Business Unit operate effectively. Your colleagues will benefit from your expert professional advice and the provision of accurate, timely financial information to support their management decisions. But even more than this, you will bring your broader business skills and management experience to influence the massive change process required to move to the decentralised structure.

A graduate, qualified accountant in your early thirties, your track record of success will have been achieved in a culture where continuous improvement and customer satisfaction are paramount. Excellent communication, influencing and other interpersonal skills will enable you quickly to establish credibility and effective working relationships, not only in the Business Unit but also at Divisional level.

The reward package (which includes relocation assistance where appropriate) reflects the importance of the role. Future opportunities for personal growth and development within the Group are excellent. Take the first step by sending a comprehensive CV (including current salary details) to **Andrew Burke, Macmillan Davies, Colston Centre, Colston Street, Bristol BS1 4UX. Tel: (0272) 251351, fax: (0272) 254903.**

**commercially focused management role for an ambitious accountant**

**Northamptonshire**

**c. £32,000 plus car & benefits**

*Macmillan Davies*

LONDON · HERTFORD · BRISTOL · LEEDS · MANCHESTER

# FINANCIAL CONTROLLER
## DEMANDING ROLE IN A NEW VENTURE

SOUTH HUMBERSIDE — TO £40,000 + CAR + RELOCATION

Our client is a leading American manufacturer of thermoplastic resins and plastic film who, as a result of continuing expansion, is developing a manufacturing complex in the UK to increase its presence in European markets.

From the start up of the operation, the successful candidate will be responsible for all financial, information systems and administrative issues relating to the management of the plant accounting process. As a key member of the factory management team, the incumbent will have extensive involvement in issues central to the efficient running and profitability of the plant and company.

This is a crucial role with exposure to the highest levels of management and will allow you to demonstrate fully your financial skills and commercial acumen in a pure and practical sense.

To meet this challenge it is essential that you meet the following criteria:

- Qualified Accountant, strong financial and cost accounting background.
- A minimum of five years financial management experience preferably gained within a manufacturing environment.
- Support MIS reviews, selection, implementation and maintenance.
- A robust, energetic style, and a flexible approach to meet the frequently changing business priorities.
- Excellent communication and interpersonal skills, confident and able to establish credibility at all levels.

On offer is not just an excellent remuneration package, including relocation assistance, but the opportunity to play a vital role in the future of this dynamic company.

Interested applicants should apply immediately to **Simon Moser at Robert Walters Associates** on 071-379 3333 (confidential fax 071-915 8714), or write to him at **25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

## IF YOU KNOW WHAT ABSA IS YOU COULD BECOME OUR FIRST HEAD OF FINANCE & ADMINISTRATION

ABSA? The Association for Business Sponsorship of the Arts. Our role is to help attract the £57 million that companies contribute to Arts sponsorship every year.

And to guide Arts organisations looking for sponsorship themselves.

Our success means we now need our first head of finance and administration. You would be responsible for our financial management, for administration and for human resources. You would be part of our senior management team, reporting directly to our Director General.

Your salary would be at least £27,500. And if you are interested in the Arts, you would be working at something you really enjoy.

For application forms and further details please write to:

Sally Donegani, ABSA, Nutmeg House, 60 Gainsford Street, London SE1 2NY. The closing date for receipt of applications is 10th February.

ABSA strives to be an equal opportunities employer.

ABSA is a registered charity.

C F A

CHRYSSAPHES FLAMMIGER ASSOCIATES

*SPECIALISTS IN SEARCH & SELECTION FOR FINANCE MANAGEMENT*

High Level Focus and Project Leadership Skills

# Group Management Accountant

***Late 20s/Early 30s*** ***c. £40-45,000+Bonus+Car*** ***East Anglia***

Our Client is a major UK based group employing over 10,000 in the UK alone, and a leader within the service market sectors in which it operates.

As part of a programme to further improve its financial reporting and controls, an exceptional young finance individual is sought for the newly created role of Group Management Accountant. The primary aim will be to act as a project leader and catalyst in evaluating and effecting change in the quality, structure and consistency of the Group's management reporting across different business divisions, against a background of new MIS systems being introduced.

You will need to be able to forge good relationships with fellow managers across the Group, eliciting their support, "setting agendas" and ensuring their follow through. Overall, you will act as the "focal point" for receipt of management accounts and information from the various businesses, undertaking analysis, gaining sound explanations for material variances from budget, and providing comprehensive and timely onward reporting to the Group Financial Controller and the Board.

You will be a graduate, qualified accountant who is computer literate, having hands-on familiarity of larger company management reporting requirements, ideally with experience of forecasting techniques. You will possess an analytical and questioning mind, able to monitor and assimilate complex data, and have the maturity and inter-personal skills to influence and effect change. You will also have the potential to move on from this highly visible stepping-stone into a line finance role after 2 to 3 years.

*In addition to a first-class benefits package, comprehensive relocation assistance is available if appropriate. Our Client is an equal opportunities employer and is happy to consider applications from registered disabled persons.*

**You should write, enclosing a resume together with current remuneration details and daytime/evening telephone contact numbers, quoting reference 401/B on both envelope and letter, to the address below.**

**Chryssaphes Flammiger Associates, Bechtel House, 245 Hammersmith Road, London W6 8DP.**

# Finance Director

Central London — £45,000 + Bens

**The Business:**
A rapidly growing retail group with a luxury quality product range.

**The Role:**
A key Board appointment as Finance Director to strengthen the management team.

**The Challenges:**
To manage the financial control and information team, to implement and manage integrated systems and controls, and to give significant input to strategic development of the business.

**The Candidate:**
A graduate qualified accountant with broad experience covering management and financial reporting, MIS, treasury and financial control. Experience of change management in a retail or related business is strongly preferred. Business acumen, focus and drive are essential to achieve the above, as is a well balanced, creative management style.

Please send a full CV to **Pippa Curtis**,
Douglas Llambias Associates,
410 Strand, London WC2R 0NS.
Tel: 071 836 9501 or Fax 071 379 4820
quoting ref FT9432PC.

DLA DOUGLAS LLAMBIAS
RECRUITMENT CONSULTANTS

# JAQUES & LEWIS
SOLICITORS

JCS GROUP — LONDON · BRUSSELS · PARIS · ESSEN · BERLIN · ROTTERDAM · BREDA · ISLE OF MAN · JERSEY

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Jaques & Lewis is a medium-sized firm of commercial lawyers with offices in London, Brussels, the Isle of Man and Jersey. The firm has grown strongly over recent years by developing new practice areas and through international expansion and is moving in March to superbly equipped new offices in the City.

The firm has four core departments: Company and Commercial, Property, Litigation and International Private Client. In addition, there are a series of well respected specialist teams offering a comprehensive range of services to clients.

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Relevant candidates, aged between 27-32, should contact **Jon Boyle** ACA immediately at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. Telephone 071 379 3333. Fax 071 915 8714.**

ROBERT WALTERS ASSOCIATES

**FT/LES ECHOES**

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Merci d'adresser CV et lettre manuscrite à notre conseil :

FRANCOIS MICHAU CONSEIL, Banque Finance

21 rue Tronchet, 75008 Paris, France Tél. (33.1) 42.66.97.44 - Fax. (33.1) 49.24.97.36

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**Ref: 3363**

**Project Accountant Moscow**
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**Ref: 3364**

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Attractive UK and expatriate packages will be offered (single or married status). Interested applicants should send a comprehensive c.v. including current salary and daytime telephone number to Phillip Price ACA, quoting reference(s), at Touche Ross Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Touche Ross

MANAGEMENT CONSULTANTS

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Coopers & Lybrand | Executive Resourcing

## Financial Controller

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Our client has achieved recognition and acclaim throughout the world and has gained a universal reputation for the quality of its output and the excellence of its service. The company is a major processor of motion picture film with substantial operating facilities in Europe and North America. It is an autonomous operating subsidiary of a highly successful multi-national quoted group.

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Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence, to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG quoting reference AE889 on both envelope and letter.

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**OPPORTUNITY TO CREATE AND DEVELOP THE FINANCIAL STRATEGY FOR A NEW HOUSING ASSOCIATION**

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This new Housing Association offers an exciting challenge to professionals wishing to be part of our development as a major provider of affordable rented housing in mid-Beds. With the full support of our existing tenants in some 3,000 homes, we are aiming to provide the highest quality social housing service for them and for our prospective tenants. We need staff with a commitment to excellence and the vision and enthusiasm to achieve our objectives.

The Financial Director will be an important member of our corporate management team, responsible for the planning and implementation of the Association's financial strategy to ensure that we maximise our opportunities for growth and maintain our objectives on service delivery. Key areas of the job will include high-level advice on funding for new schemes, the achievement of financial targets, the effective implementation of IT systems for the whole Association and management of a small team.

Candidates should be qualified accountants with several years' experience at a senior level.

A relocation package will be available. For further information or a job package, please telephone Margaret Nichols, telephone 0767 313137 ext. 224.

Please apply by letter enclosing a full CV to: Mr Tim Eastaff, Chief Executive, Mid Beds Housing Association, The Limes, 12 Dunstable Street, Ampthill, Beds MK45 2JU.

The closing date for applications is 17th February and the first interviews will be held on 24th February.

We are an equal opportunities employer and operate a 'no smoking' policy.

MID-BEDS HOUSING ASSOCIATION

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Coopers & Lybrand | Executive Resourcing

## Group Financial Controller
### Communications Industry

**LONDON c.£35,000 + CAR + BENEFITS**

For this rapidly expanding and innovative company at the leading edge of the communications industry. The financial backing of a major international group is reflected in the significant capital investment being made. Turnover for the business is rapidly approaching £100m, having doubled each year since 1991 and this growth is expected to continue over the next five years.

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Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference AS1012 on both envelope and letter.

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## AMP of Great Britain Limited — FINANCIAL ACCOUNTING MANAGER

**N.W. London Circa £37,500 + Car**

AMP Incorporated, a $3.5 billion global operation, designs and supplies state of the art electrical and electronic interconnection systems – the essential devices at the heart of a vast range of products used in most spheres of modern day activity.

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Ideally, you will already be running a department in a company with at least £30 million sales, or perhaps be a No. 2 ready to progress to a bigger challenge. Certainly, you will already be playing a key role and be able to demonstrate a successful track record in the development of the business. The key attributes are the ability to manage and motivate others and a personal commitment to IT, as a major part of the brief will be to introduce new systems and ensure the confidence of the department in their use. From a manufacturing or engineering background, you will be a qualified accountant and have well rounded experience in all aspects of financial control and reporting, as well as a thorough knowledge of current standard costing techniques.

If you are aged at least 35 and can combine natural man-management skills with strong business acumen, an enthusiastic, hands on approach and a commitment to TQM, this is an opportunity to develop within a global organisation in which talent is recognised and rewarded. In return, we offer a salary in the region of £37,500 pa, a quality car and benefits package.

To apply, please write with your CV, explaining in a covering letter how you meet the above requirements, to Richard Fereday, Company Human Resources Manager, AMP of Great Britain Limited, Merrion Avenue, Stanmore, Middlesex HA7 4RS.

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Coopers & Lybrand | Executive Resourcing

## Director of Finance

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Turnover in this progressive and successful manufacturer has now risen to some £10 million and continues to rise on the back of product innovation, quality and a strong customer core policy. Its blue chip customer base is strong and growing.

The new position of Director of Finance is now being established which will report directly to the Managing Director. Accent in the role will be on new systems implementation, ensuring that all appropriate financial controls exist or are established and, finally, a commercial input to the decision making process of the company is needed.

You should be a graduate qualified accountant with hands-on experience of systems implementation in a progressive manufacturing environment where you have been able to demonstrate commercial skills as well. You should also be able to demonstrate good communication and people motivation skills.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to John Elliott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2-5JT quoting reference JE260 on both envelope and letter.

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## GROUP FINANCIAL DIRECTOR
**FLUENT FRENCH**

**SUBSTANTIAL REMUNERATION PACKAGE £50-£70K**

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The group is growing fast and trades in 40 currencies. The successful applicant will need to show strong accountancy control, treasury management, business strategy and multi-national team leadership abilities.

There are promotion possibilities to general management and for this reason we would prefer a candidate around 45 with the experience, knowledge and personality to help push forward the growth of a £400M turnover group.

*Written applications in the first instance to: Bryan C Ingleby, Group Chief Executive, c/o Dawson Advertising Ltd, 1 Cresswell Park, Blackheath, London, SE3 9RD.*

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UK and German responsibilities

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**Please send a full CV to: Mr A Cummings, Audit Manager, Beneficial Bank plc, PO Box 31, 4 Lower Mounts, Northampton NN1 3DB.**

**Beneficial Bank PLC**

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## QUALIFIED GROUP FINANCIAL DIRECTOR
### SOUTH LONDON

- Group Turnover £11.5m
- Manufacturer and distributor of building services equipment
- Strong willed highly motivated individual needed who will be directly responsible to Group Chief Executive.
- Must have good communication skills
- L. A. N. systems experience

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602 Purley Way, Croydon, Surrey CR9 4DP

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Write to: Box B2260, Financial Times, One Southwark Bridge, London SE1 9HL.

The Top Opportunities section appears every Wednesday. For more information please ring Philip Wrigley on 071-873 3351.

FINANCIAL TIMES

# COMPANIES & MARKETS

 Friday February 4 1994



## IN BRIEF

### Rise and fall of an Audi chairman

It the turn of Mr Franz-Josef Kortüm, the soon-to-be-ex-chairman of Audi, in the revolving door, raising once again the question: who's next? Page 18

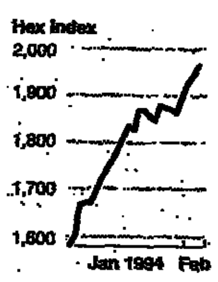
**Canadian telecoms fight intensifies**
The struggle for supremacy in the fast-changing multimedia business in Canada has intensified, with Rogers Communications proposing a "strategic merger" with Maclean Hunter. Page 20

**Clouds on Intel's horizon**
Intel, the US semiconductor maker, unveiled sparkling 1993 financial results. But there are clouds gathering. Page 20

**Optimism in US steel**
"Big Steel" – the collective name given to the six big integrated steelmakers in the US – has a long way to go to justify the optimism that has driven share prices ahead. Page 21

**Bouyancy in Saudi banks**
The first rash of Saudi banks reporting 1993 figures has shown continued buoyancy – but analysts are cautioning that economic pressures are almost certain to trim profits. Page 19

**Three drivers for Finland**




Finland has begum 1994 as it ended 1993, as western Europe's top performing stock market. Already the Hex index has risen 23 per cent this year, eclipsing the optimists' wildest expectations. Three factors are driving the market: interest rates, economic optimism and foreign buying. Most analysts expect the Hex to overtake its all-time high within weeks. Back Page

**Privatisation fund oversubscribed**
The public offer for Kleinwort Benson's European Privatisation Investment Trust was more than £380m oversubscribed, confirming its position as the largest UK investment trust launch ever. Page 18

**UK property group floated**
Transatlantic Holdings, the UK life assurance and property group, is to float off its retail property portfolio as Capital Shopping Centres, which will become one of the seven largest listed property companies on the London stock exchange. Page 18

**United Newspapers expands in Asia**
United Newspapers, UK publisher of the Daily and Sunday Express, yesterday acquired a Hong Kong trade fair group as part of its strategy of expanding in east Asia. Page 24

**Reject Shop sold**
Reject Shop, the UK furniture and household goods retailer, is to be sold. Page 24

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### Chief price changes yesterday

| FRANKFURT (DM) | | | |
|---|---|---|---|
| **Rises** | | | |
| Porsche | 620 | + | 11 |
| **Falls** | | | |
| BMW | 777.5 | – | 10.5 |
| Commerzbank | 306 | – | 9 |
| Deutsche Bk | 834 | – | 17 |
| Lahmeyer | 710 | – | 40 |
| Viag | 478 | – | 9.5 |

| NEW YORK ($) | | | |
|---|---|---|---|
| **Rises** | | | |
| Ford | 66¾ | + | 1 |
| Gap Stores | 41⅛ | + | ⅛ |
| **Falls** | | | |
| Bankers Trust | 83 | – | 1⅛ |
| Chemical Bank | 38¼ | – | ⅛ |
| First Inter | 67 | – | 1¾ |
| Woolworth | 24⅛ | – | 1½ |

| PARIS (FFr) | | | |
|---|---|---|---|
| **Rises** | | | |
| Geophysique | 823 | + | 36 |
| SLIC | 940 | + | 27 |
| **Falls** | | | |
| AGF | 658 | – | 38 |
| Cred Lyon | 837 | – | 11 |
| Docks de France | 803 | – | 28 |
| Soc Generale | 755 | – | 26 |

| TOKYO (Yen) | | | |
|---|---|---|---|
| **Rises** | | | |
| Japan Digital | 4020 | + | 370 |
| Nissan Motor | 855 | + | 14 |
| **Falls** | | | |
| Fujitsu | 1020 | – | 20 |
| Honda Motor | 1530 | – | 90 |
| Ind Bk Japan | 3200 | – | 110 |
| NEC | 1040 | – | 20 |

New York prices at 12.30.

| LONDON (Pence) | | | |
|---|---|---|---|
| **Rises** | | | |
| Antofagasta | 1770 | + | 132 |
| Caffyns | 465 | + | 40 |
| Camentone | 109 | + | 10 |
| Chrysalis | 128 | + | 9 |
| Cluff Res | 50½ | + | 10 |
| Creston | 12½ | + | 3½ |
| Dyson (J&J) A | 93 | + | 8 |
| Enviromed | 146 | + | 13 |
| Firth (GM) | 28½ | + | 5½ |
| Flexitech | 453 | + | 30 |
| Gibbs Dandy A | 84 | + | 5 |
| Henderson Adm | 1193 | + | 73 |
| Heritage | 103 | + | 12 |
| Lambert Hwth | 405 | + | 50 |
| Lovell (YJ) | 157 | + | 17 |
| News Int Sp Div | 314 | + | 21 |
| Quadramatic | 215 | + | 17 |
| Sage | 563 | + | 41 |
| Trafford Park | 104 | + | 7 |
| **Falls** | | | |
| Brit Aerospace | 553 | – | 20 |
| Euro Disney | 375 | – | 35 |
| Proteus | 394 | – | 31 |
| Reject Shop | 38 | – | 21 |
| Trans World | 121 | – | 14 |

# KLM seeks Fl 1bn to cut debt

By Ronald van de Krol in Amsterdam

KLM Royal Dutch Airlines yesterday unveiled plans to raise almost Fl 1bn ($513m) through a global offering of about 20m ordinary shares.

The Dutch government, which owns 38.2 per cent of KLM, is to maintain its holding by participating in the issue and by buying preference shares. It is estimated that the state would contribute at least Fl 370m.

The issue would help reduce long-term debt of Fl 6.3bn and give the group scope to invest.

The announcement of the long-awaited share issue, scheduled for March, coincided with news that the Dutch flag carrier swung into a net profit of Fl 15m for the third quarter of this year from a loss of Fl 437m a year ago.

The results, for the three months to December, were better than expected, while the size of the share issue was at the top end of analysts' expectations.

KLM, with a market value of around Fl 2.5bn, had been hinting at an issue ever since the collapse in November of its plans to merge with Swissair, Scandinavian Airlines System and Austrian Airlines.

The return to profit in the third quarter, which covers the traditionally weak months of October-December, is due mainly to the fact that KLM no longer carries its 20 per cent stake in Northwest Airlines on its book.

In the corresponding period of 1992-93, the Dutch airline took a large extraordinary charge to write down the remaining book value of its investment in Wings Holdings, Northwest Airline's parent company.

Its refusal to drop Northwest from its international expansion plans in favour of Swissair's US partner, Delta, was a prime reason for the failure of the four-way European airline merger.

The third-quarter improvement also reflects cost-cutting efforts. Salaries and related expenses fell 7 per cent, due partly to a two-year "holiday" on pension premium contributions.

Overall, operating expenses were barely changed at Fl 2.02bn, even though capacity rose 12 per cent. Revenue grew 7 per cent to Fl 2.1bn. Traffic growth was 17 per cent but growth in yields was limited to 8 per cent because of competition and a shift in demand to tourist class.

Citing the seasonal nature of airlines, KLM said it expected a loss in the fourth quarter ending March 31. But it repeated earlier forecasts of a "modest" full-year profit. Net profit in the first three quarters totalled Fl 260m, a reversal of the Fl 229m loss last year.

# Vard shares hit as US investor pulls out of deal

By Karen Fossli in Oslo

AEA Investors, a US investment company, sent the shares of Vard, the loss-making Norwegian cruise ship and ferry operator, tumbling yesterday by announcing the withdrawal of its $565m bid to acquire two of Vard's cruise lines.

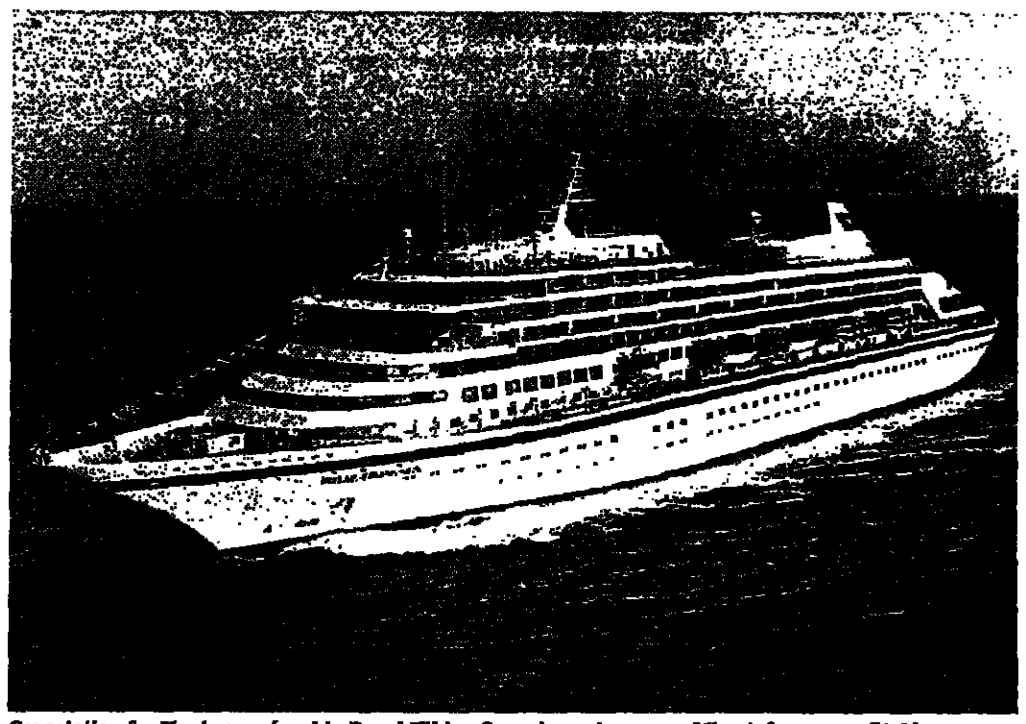
Vard's shares fell 21 per cent to NKr51 in active trading on the Oslo bourse after being the second most traded share on Wednesday when they rose NKr4.50 to NKr64.50.

The collapse of the AEA deal is the second time Vard has failed to conclude asset disposals in recent months. AEA and Vard had hoped to complete the deal, involving Royal Viking Line and Royal Cruise Line, which respectively operate two and three ships mainly on Caribbean cruises for American holiday-makers, by this spring.

AEA, a privately held New York venture capital and leveraged buy-out investment group, said it had decided not to pursue the transaction having concluded that its investment goals for the two cruise lines could not be achieved within the financial framework proposed for the transaction.

Proceeds from the disposal would have enabled Vard to boost its position in the mass cruise market by concentrating financial resources on its remaining cruise business, Norwegian Cruise Line. It had planned to strengthen, expand and modernise Norwegian Cruise Line as well as to reduce borrowings.

Mr Terje Mikalsen, Vard's chairman, said a number of alternatives to the US deal were being studied but he would not be drawn on details. "We have to take our bearings and see what the best approach will be, but we do not want a situation where it is perceived that we are a company desperate to sell assets to raise cash. This may have been the situation a year ago but not now," Mr Mikalsen stressed.



Consolation for Vard as cruise ship Royal Viking Sun, shown here near Miami, faces a profitable year

Domestic cruise analysts said the failure of the deal pushed the question of fleet renewals far into the future. Vard was facing the question of which strategy it could follow as an alternative way of achieving the goals which the disposal would have made possible.

They suggested that AEA may have had reservations about the potential of the high-risk cruise industry, given the the cost of participation and the return on investment.

Vard said bookings for the two cruise lines were significantly stronger than in previous years, and forecast both lines to make profits this year.

# News Corp up 27% with help from the air

By Nikki Tait in Sydney and David Blackwell in London

Higher earnings from Ansett Airlines and the BSkyB satellite broadcaster more than offset the impact of a UK newspaper price war on News Corporation, Mr Rupert Murdoch's media, film and publishing group

News Corp posted a 27.5 per cent increase in profits for the six months to December. The figure rose from A$490.1m ($350m) to A$624.9m after tax but before abnormal items. First-half sales were A$5.82bn, against A$5.33bn, and earnings per share (before abnormals) increased by 13 per cent to 34 cents.

The results were ahead of expectations and the shares jumped 52 cents to A$10.56.

Operating profits for the half-year were slightly lower at A$861.1m after the newspaper division declined to A$266.3m, from A$349.1m, and the magazines and insets business fell to A$169.5m, from A$208.2m.

News blamed these setbacks on the newspaper price war in the UK, and on the heavy competition in the US faced by its free-standing inserts business. However, there was a strong performance from the film division, including Twentieth Century Fox. Operating profits more than trebled to A$101.1m, helped by the recent box-office hit Mrs Doubtfire. The book publishing division posted profits of A$126.2m, against A$113.6m.

Associates – Ansett, which News owns with TNT, and BSkyB, of which News holds 50 per cent – doubled their contributions to A$190.1m. Net interest charges fell to A$343.9m (A$387.4m). News also benefited from an abnormal gain of A$144m, mainly due to the sale of a 34.9 per cent interest in The South China Morning Post and an equity-accounted surplus on the sale of assets at BSkyB.

This left profits after tax and abnormals at A$768.9m, against A$452.8m.

● The decision to slash the prices of The Times and the Sun newspapers lay behind a 34 per cent fall in operating profits at News International, the UK-based subsidiary.

In July the price of the Sun was cut from 25p to 20p, while in early September The Times cover charge was reduced from 45p to 30p. Operating profits at the subsidiary fell from £76.2m to £49.8m on turnover of £344.6m ($520m). But after offsetting factors, notably BSkyB's £30.9m contribution, pre-tax profits rose 45 per cent to £126.7m.

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# Paribas benefits in currency turmoil

By Alice Rawsthorn in Paris

Paribas, one of France's leading banking groups, continued its recovery last year with a 58 per cent increase in estimated net profits to FFr1.4bn ($230m) from FFr886m in 1992.

Mr André Lévy-Lang, chairman, said the group had benefited from a "very good" performance in market trading, where it made strong gains during last summer's European currency crisis. It also fared well in North American and Asian banking activities.

He forecast another profit increase this year saying Paribas, which has for the past two years been recovering from its poor performance in 1991 when it incurred its first-ever loss, "should be able to continue the improvement in its results during 1994".

However the group's shares yesterday fell by FFr8 to FFr581 following Wednesday's rise of FFr26 to FFr589 on speculation that Paribas was about to announce the sale of part of its stake in Navigation Mixte, the industrial group with which it has a cross-shareholding agreement.

Mr Lévy-Lang yesterday sought to squash the rumours by stating that Paribas had no plans to reduce its stake in Navigation Mixte. However, he did confirm that it had raised FFr1.5bn by selling 12 per cent of Poliet, the building materials concern, and FFr1bn from the sale of 5 per cent of Ciments Français, the cement company.

Paribas estimated its total operating income rose to FFr33.3bn in 1993 from FFr29bn with gross operating income rising to FFr13.5bn from FFr11.3bn. However, it was forced to make FFr9.2bn of new net provisions, against FFr7.7bn in 1992, partly due to the problems of the French property market.

Mr Lévy-Lang said commercial property was still depressed, but residential property was improving.

Paribas is the first of the big French banks to publish estimated results for 1993.

Meanwhile the government is in the throes of negotiating a complex recapitalisation package worth between FFr3bn and FFr4bn for Crédit Lyonnais, another big bank, in preparation for its eventual privatisation. Mr Edmond Alphandéry, economy minister, earlier this week confirmed that talks were under-way.

# 'Lift-off' – but still not firing on every engine

**Michael Skapinker** reports that leisure may have a bumpy ride

A January leisure sector publication from stockbrokers Smith New Court carried the exultant headline "We have lift-off". Consumer spending was on an upward trend. The UK's hotel and leisure sector was set to benefit, the publication said.

That was January last year. In the event, hotel and leisure companies had a solid but uninspiring 1993, with the sector's shares tracking the FTSE-All Share index for most of the year.

Mr Bruce Jones, a Smith New Court analyst, says his firm could have reprinted last year's publication at the beginning of 1994. The same optimistic noises are being heard. This time, however, many followers of leisure companies clearly believe the recovery is for real.

The basis of this optimism is difficult to detect. Overseas holiday bookings are undoubtedly strong, but the trend in many domestic leisure pursuits appears less cheerful. There are examples of more consumers going out to spend money on leisure activities, but, in many cases, the amount each of them spends is not going up. In other leisure businesses, spending per head has increased, but the number of customers has not.

April's tax increases could reduce leisure spending further, ending the optimistic view that this will be the year when leisure companies put memories of the recession firmly behind them.

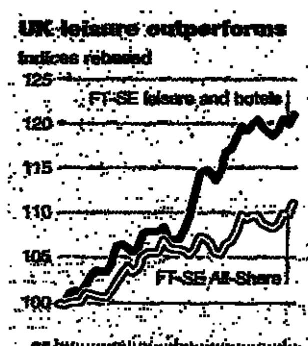
The sector's shares have outperformed the market by a clear margin since the beginning of the year. Ladbroke, First Leisure, Rank, Airtours and Owners Abroad have all registered impressive share price increases.

Yet the first round of leisure company results and trading statements has provided many examples of consumers' reluctance to spend large sums on their entertainment.

First Leisure, the discotheques, bowling and tourist attractions group, last month announced pre-tax profits up 2.3 per cent to £31.8m ($47.70m) on turnover up 12.3 per cent to £121.8m.

While discotheques admissions were up 14 per cent, the group has not felt able to raise admission prices. Spending per head in the group's bowling business actually fell, while the number of games played remained stable.

**UK leisure outperforms**




Source: FT Graphite

The Rank Organisation, whose leisure businesses include bingo, casinos and Butlin's holiday camps, last month announced pre-tax profits of £275.6m for the year to October 31, compared with a restated £125.8m the previous year.

Despite the profits increase, Mr Michael Gifford, chief executive, presented a similar story of cautious leisure consumers. While admissions to Odeon cinemas rose 10 per cent, largely boosted by the film Jurassic Park, strong price competition, meant that Rank could not increase the price of tickets.

There were parts of Rank's business which attracted consumers who were willing to splash out a little. Spending per head at the group's social and bingo clubs increased by 6 per cent. At Rank's casinos, spending per head rose 4 per cent. But admission numbers were static in both businesses.

Forte, the hotels and restaurants group, said last month that London hotel occupancies were healthy, but that average rates paid had been slow to recover.

There were some signs of improvement. Stakis, the hotels and casino group, and Stanley Leisure, the betting shops and casino chain, announced big profits increases. And Mr Gifford of Rank said consumer spending in the UK and the US did now appear to be increasing.

Many consumers seem to regard a holiday in the sun as a necessity. They seem far more cautious about spending on other activities.

Mr Mark Finnie, an analyst at NatWest Securities, feels that much of the current optimism surrounding the sector has been overdone, although some of it is based on the circumstances of particular companies.

Outside the holiday sector, much of the enthusiasm for leisure shares appears to be based on the view that business has been bad for so long it is bound to get better. There is another possibility: that the recession has bred consumers who are determined not to overspend and who will refuse to pay higher hotel rates or buy more expensive cinema tickets even in times of prosperity. For many buyers of leisure shares, it is clearly too early in the year to be that gloomy.

# Armani buys out Finarte to take control of Simint

By Haig Simonian in Milan

Mr Giorgio Armani, the Italian fashion designer, has become the biggest shareholder in the troubled Simint clothing group after buying out a close business associate.

Mr Armani and his sister Rosanna are together buying the 21.71 per cent stake held by Finarte, the auction group controlled by Mr Francesco Micheli, a Milan financier.

Milan analysts said the stake was being divided between Mr Armani, who already holds about 20 per cent of the quoted Simint group, and his sister, to avoid triggering a compulsory takeover bid.

The Simint saga illustrates the risks and rewards of investing in the fashion world.

Mr Micheli, who took control of Simint in the late 1980s, helped steer a strong recovery under new management.

Earnings rose steadily and, in 1992, Simint even joined the select group of Italian companies to issue American depository receipts on Wall Street.

Since then, the story has been less positive. Simint, which specialises in producing clothing under licence for well-known designers, has been affected by high debts and stagnant demand in the recession-hit clothing market.

It has been particularly affected by the 1991 decision to join forces with Mr Armani in developing a relatively low-priced store chain in the US. Although the shops, named Armani Exchange (A/X) share the designer's name and sell exclusively Armani-labelled wares, Simint bore the development costs.

Heavy investment spending in the US venture has largely accounted for the sharp reversal in recent performance. Net profits for the year ended April 1993 fell to L1.6bn ($946,000) from L17.5bn. For the first half of this year, the group reported a L12.8bn loss against pre-tax profits of L6.6bn.

Mr Micheli justified his decision to sell out on the grounds that Simint's US venture had become too risky. No one at the Armani group was available for comment. However, analysts believe Mr Armani may try to bring new partners into the company.

# Kleinwort trust oversubscribed

By Bethan Hutton in London

The public offer for Kleinwort Benson's European Privatisation Investment Trust was more than £380m ($575m) oversubscribed, confirming its position as the largest UK investment trust launch.

Applications for £560m-worth of shares were received during the public offer, which closed on Wednesday, giving the fund a potential size of £880m, as £320m had already been raised through an institutional placing, but it was capped at £500m.

However, the Mercury European Privatisation Trust, which closed its placing on Wednesday, has set its maximum size at £575m, so it could soon beat Kleinwort's record. The Mercury fund raised £325m in its placing, and is seeking a further £100m from an intermediaries offer, closing on February 25, and £150m from a public offer, closing on March 2.

Applications for shares in the Kleinwort trust are being scaled back by about two-thirds.

Mr Simon White, managing director of Kleinwort Benson Investment Trusts, said the company was disappointed not to be able to satisfy demand in full, but it believed that £500m was an appropriate size given the state of development and liquidity of the target investment area.

If all the disappointed investors from the Kleinwort offer now apply for the Mercury fund, it will also be oversubscribed. Investors who applied for the minimum 2,000 Kleinwort shares will receive 700. Applications for up to 2m shares will be allocated approximately 31.45 per cent, and applications for more than 2m shares will receive 31.45 per cent of the first 2m and 25 per cent thereafter.

Shares in the trust are partly paid, with 50 per cent paid initially and the balance due on August 1. One free warrant will be issued with every five shares.

Interim share certificates and cheques for returned balances will be sent out on February 8, and dealings in the ordinary shares and separate warrants are due to start on February 9.

# Austria to sell VA Tech on May 16

By Patrick Blum in Vienna

Voest-Alpine Technologie (VA Tech), engineering group, is to be privatised on May 16 with a four-day flotation of 51 per cent of the company's capital on the Vienna stock exchange.

The sale, which the government hopes will raise about Sch5bn ($416m), is part of a large Austrian privatisation programme approved in November.

VA Tech is the largest group to be privatised within the former Austrian Industries (AI) state industrial group which was dissolved in December following heavy losses.

Analysts expect the flotation of VA Tech, which consists of several engineering, construction and energy companies, to attract strong international interest.

The privatisation programme will include the sale of state shareholdings in OMV, the oil and chemicals group; SGP Verkerstechnik, the railways rolling stock manufacturer; Austria Mikrosysteme, maker of customised microchip; and Vamed, a hospital construction group.

# UK life group floats property portfolio

By Simon Davies in London

Transatlantic Holdings, the UK life assurance and property group, is to float off its retail property portfolio as Capital Shopping Centres (CSC), which will become one of the seven largest listed property companies on the London stock exchange.

The company will own the Lakeside shopping centre in Thurrock, the largest in southern England, which will account for about half of CSC's estimated gross assets of £800m ($1.2bn). At least 25 per cent of CSC will be sold through a placement and public offer, raising about £150m.

Transatlantic, 54 per cent owned by Liberty Life, the South African insurance group, and 19 per cent owned by UAP, France's largest insurer, will retain about 75 per cent of CSC's shares (issued at net asset value), its £600m property portfolio, half of Sun Life and a 3 per cent stake in Sun Alliance.

The demerger will provide a funding source for a capital intensive part of Transatlantic's operations, and it could present a more attractive valuation for its retail properties.

The parent company [Transatlantic] is to raise an additional £200m from a convertible bond issue. Mr Donald Gordon, chairman, said this was to pay off floating rate debt and the £162m recently paid to increase its interest in the Harlequin shopping centre, rather than to increase its stake in Sun Alliance.

Brokers expected interest in the issue. "I think the market will like the idea of having a large specialist retail property company," said Mr Chris Turner, of Barclays de Zoete Wedd. According to the brokerage, the property sector is trading at a 19 per cent premium to its asset value, and it is expected that CSC will be priced above asset value.

CSC will comprise interests in seven shopping centres. Three of these properties have been built since 1990, and Mr Gordon argues that shopping centres take between five and seven years to reach maturity.

# More boardroom upheaval at VW

## Christopher Parkes looks at the rise and fall of the Audi chairman

Mr Franz-Josef Kortüm, the soon-to-be-ex-chairman of Audi, had good reason to be grateful to Mr Ferdinand Piëch.

Less than two years ago, Mr Piëch, the Volkswagen group chairman, plucked the 42-year-old from the obscurity of a Mercedes-Benz distribution centre in Bonn. Mr Kortüm was to be Audi marketing director.

Within eight months he was to take Mr Piëch's then job at the helm of VW's quality car subsidiary, while his ambitious protector was to make the great leap forward to the top of Europe's biggest automotive group.

However, Mr Kortüm's gratitude did not extend to his adopting the role of trained lapdog. Even when he was offered the job of spokesman – a sort of first among equals on the Audi board – he held out for the higher ranking of chairman.

In spite of this uneasy start, the inexperienced Bavarian started off by following his master's voice. Until last summer, he was still claiming Audi would break even in 1993 in spite of a DM198m ($116.4m) first-half loss.

He was only echoing Mr Piëch's own forecasts for the group. But by the end of the holidays, he realised a level result was out of sight.

Internal business forecasts suggested car deliveries would fall during 1993 to 364,000 compared with 472,000 in Mr Piëch's last year. In the event, the predictions proved spot on. Audi has recently reported a 24 per cent drop in sales for last year to 360,000, and a 30 per cent cut in production. Both figures are worse than at BMW and Mercedes.

At the Frankfurt motor show last September, he omitted a reference to breaking even from the text of a speech previously vetted by VW group. Two months later, he was publicly blaming Mr Piëch and the previous board for an expected but unspecified loss.

Franz-Josef Kortüm: rivals had a 20-year lead

Audi's distribution lacked punch, he said.

"This weakness is an important reason why Audi is in a worse position than others. Clear failings in the past have to be corrected," he said. Audi's domestic rivals had a 20-year lead.

Like others, Mr Kortüm had fallen foul of the worst motor industry downturn in post-war history. But he had other burdens. As he was to discover, record volume sales for 1992 had been bolstered by an old trick.

Audi France officials confirmed yesterday that "several tens of thousands" of cars had been parked with French distributors, only to be shipped back to Germany last year. Since many of them lacked air-bags and ABS braking systems – regarded as essentials in the Germany quality car market – selling them was no easy task.

Mr Kortüm had to contend with Mr Piëch's persistent demands that his brainchild, a revolutionary aluminium-bodied car, should be brought to market this spring. According to industry sources, manufacturing difficulties have forced delays.

In the end, it was all too much for the mild young salesman.

Like his colleagues at Seat in Spain, he had been instructed by headquarters to prepare a business plan which would yield a balanced result for the full year. But as he and Mr Juan Antonio Diaz Alvarez, Seat chairman, were to discover, the numbers would not bend sufficiently.

Mr Diaz, recently accused of deception by Mr Piëch, was fired last September after an "unexpected" loss of DM1.25bn came to light. Now it is Mr Kortüm's turn in the revolving door, raising once again the question: who's next?

# Akbank leaps 125% to TL3,700bn

By John Murray Brown in Istanbul

Pre-tax profits at Akbank, Turkey's largest retail bank, jumped 125 per cent to TL3,700bn ($213m) in 1993. The rise mostly reflects the continued strong performance of the Turkish economy.

Akbank, which is listed on the Istanbul stock exchange, is 60 per cent owned by Sabanci, Turkey's second-largest family-owned conglomerate. Last year, it's loan book increased by 80 per cent to TL56,100bn.

The bank was active in consumer lending, a relatively new area which grew by 600 per cent in 1993. Like other Turkish banks, Akbank is expanding rapidly its consumer business. Akbank's consumer activities are closely linked with the financing of the parent company's recently launched car manufacturing venture with Toyota of Japan.

The bank completed a $100m syndicated loan in 1993, its first foreign borrowing. However, unlike other Turkish banks, Akbank has refrained from large foreign borrowings – it funded its lira loan book from deposits. These grew by 47 per cent to TL32,200bn in 1993 and account for about 90 per cent of bank funding.

This leaves Akbank less exposed than most of its competitors to the impact of the recent 12 per cent lira devaluation, and the changes in reserve requirement introduced by the central bank.

The changes – redefining reserve requirements to reflect a bank's total liabilities – will be felt more by non-deposit-taking banks, particularly foreign banks.

● The Turkish government's 21 per cent state in Turk Otomobil Fabrikasi (Tofas), the car assembly group 42 per cent owned by Fiat, will be sold by private placement with US institutions together with a European issue and a local Turkish offering.

Shearson Lehman Bros and J Henry Schroder Wagg are advising on the deal which is expected to raise about $550m. Tofas is Turkey's largest car producer with a 45 per cent market share.

# Strong advance at Swiss bank

By Ian Rodger in Zurich

Union Bancaire Privé, one of Switzerland's largest private banks, has reported a 70 per cent jump in net income in 1993 to SFr183.3m ($131m).

The Geneva-based bank, the product of the takeover of TDB American Express Bank by Mr Edgar de Picciotto's Compagnie de Banque et d'Investissement (CBI) in 1990, said conditions for its asset management business were "exceptionally favourable" last year.

Total assets grew 4.6 per cent to end at SFr11.2bn, as cash deposits shifted to off balance sheet investments. Shareholders' equity stood at SFr864m at the year-end.

# Sweet success for Saudi banks

## The 1993 reporting season has been jam today, but what of 1994? Mark Nicholson in Cairo reports

The first rash of Saudi banks reporting 1993 figures has shown continued buoyancy in what has been one of the Middle East's most profitable banking markets since the Gulf war – but analysts are cautioning that economic pressures on the kingdom are almost certain to trim profits this year.

The continued weakness in the oil price – the overwhelming determinant of the Saudi economy's health – has already shrunk economic activity, according to bankers in Riyadh.

This, plus the government's attempt to attack its fiscal deficit through a 20 per cent across-the-board cut in public spending, is estimated by some economists in the kingdom to foreshadow shrinkage in the economy of between 5 and 7 per cent for 1994, with attendant effects on bank performance. "1993 will be a nice year to look back on," said one banking analyst.

However, among the first of the kingdom's commercial banks to report 1993 figures, Saudi Hollandi Bank, which is 40 per cent owned by ABN-Amro Bank of the Netherlands, recorded a 34.5 per cent rise in net profits to a record SR180.1m ($48m).

The bank, one of only two of the kingdom's listed commercial banks not to have recapitalised on the Saudi stock market over the past two years, said it would transfer all 1993 earnings into general reserves and pay no dividend.

In a statement, the bank said it would set aside SR50m for loan loss reserves. Deposits slipped to SR8.44bn from SR8.48bn. Total assets rose to SR15.1bn from SR13.52bn.

Saudi Cairo, meanwhile, announced a 59.4 per cent rise in profits for 1993 to SR214.3m. The figure marks a strong recovery from the bank's struggle with bad debt in the late 1980s – Saudi Cairo recorded no profit in 1991, but wiped out much of its bad debt portfolio with a recapitalisation in 1993, doubling paid-up capital to SR1.2bn with a 6m share offering.

The bank, in which Egypt's Banque du Caire holds a 20 per cent stake, said it had allocated SR40m for loan loss provisions in 1993 and will pay a dividend for the first time in nine years. The board recommended a SR120m payout, or SR10 a share. Assets rose to SR15.6bn from SR13.4bn a year earlier.

Arab National Bank, which is 40 per cent owned by Arab Bank, the Jordanian pan-Arab bank group, also reported a rise in 1993 profits, up 28.7 per cent to SR495.2m. The board has recommended a dividend of SR337m, a third up on 1992. Loan loss provisions were held at SR62m and assets rose to SR32.41m from SR28.65.

Saudi American Bank, in which Citicorp holds a 30 per cent stake, announced a 3.5 per cent rise in net profits for 1993 to SR942.2m – a figure in line with analyst's expectations and based, according to the bank, on continued strength in the retail sector. Assets rose to SR39.79bn from SR38.28bn, and deposits were up to SR30.07bn from SR29.06bn.

The bank doubled share capital in 1993 to SR1.2bn with a SR600m transfer from reserves. Shareholder funds in 1993 rose to SR3.24bn from SR2.62 after an SR820m increase in general reserves from SR200m.

Analysts said Saudi American's more modest proportionate rise in profits reflected both the fact that it has been operating more profitably than most other Saudi banks for longer and that, unlike many of its competitors, it did not inject equity during 1992 or 1993 – something which had offered some other banks the use of essentially zero-cost fresh funds.

# Productivity boost helps CMI cut losses

By Matthew Curtin in Johannesburg

Productivity improvements and the rand's weakness against the dollar helped Consolidated Metallurgical Industries (CMI), South Africa's second largest ferrochrome producer, reduce its pre-tax loss to R3.8m ($1.1m) in the half-year to December 31 1993 from R21m the year before.

Sales revenue fell to R118.2m from R125.7m as worldwide oversupply of ferrochrome, a key ingredient in the manufacture of stainless steel, and high stock levels ensured prices remained depressed.

Mr Zed van der Walt, managing director, said any benefit from record demand for stainless steel in 1993 was cancelled out by the surfeit of cheap ferrochrome supplied from the former Soviet Union and China. The company's ferrochrome furnaces were operating at 50 per cent capacity although good export orders for chrome ore allowed its mines to produce at full tilt.

CMI reported a reduced operating loss of R1.78m against R16.8m but fell well short of being able to cover its interest charges and preference share dividend payments. Mr van der Walt said minor improvements in sales volumes or the exchange rate would see CMI return to operational profitability in 1994, and there was still room for the company to cut variable costs at its smelters.

Lower interest rates and an improved cash position contributed to a fall in net interest to R2.03m from R4.19m on interest-bearing debt of R143.4m, up from R136.3m. The payment of the R5.18 interim preference dividend left CMI with an attributable loss of R9.01m compared with R26.1m.

Mr Alan Kuhnert, marketing director, said world ferrochrome demand would rise in tandem with increased stainless steel consumption in 1994. South African producers, with half of their overall capacity lying idle, were well placed to profit from the increase as output from the former Soviet Union stagnated.

# JCI lifts interim payout after 8% advance

By Matthew Curtin

Johannesburg Consolidated Investment, the South African platinum and gold-mining group with significant diamond trading and industrial interests, has reported an 8 per cent improvement in pre-tax profit to R179.6m ($52.6m) in the half-year to December 31 from R165.7m a year earlier.

The interim dividend is increased for the first time since 1989, up nearly 10 per cent to 46 cents a share.

Sharply improved contributions from JCI's gold mines offset mixed fortunes at its platinum, coal and base metal businesses, which were hit by poor commodity prices. The mining house continued to rely on its industrial interests for the lion's share of its income, largely through minority stakes in the strongly-performing foods supplier Premier Group and South African Breweries.

After-tax profit rose to R165.5m from R155.6m, after an increase in tax provisions to R14.1m from R10.1m.

However, earnings at the equity accounted level climbed more than 10 per cent to R194.9m, as the group's share of earnings from associate companies jumped to R31.1m from R20.9m.

Currency costs incurred with JCI's decision in 1993 to increase its interest in Minerais, a Luxembourg-based metals trading company, led to a R10.4m extraordinary charge taken below the line.

# Japan looks for US help to open markets

By Emiko Terazono in Tokyo

The arrival of Mr Mickey Kantor, the US trade representative, in Tokyo this week may have put Japan's trade and finance ministry bureaucrats on the defensive, but some in the Japanese administration are counting on US pressure to open the country's financial markets.

After many unsuccessful years trying to persuade Japan's ministry of finance to deregulate its tightly guarded public pension fund management, the ministry of health and welfare – which holds jurisdiction over the state pension system – believes that only foreign pressure can do the job.

US pressure forced the partial liberalisation of fund management, corporate pension and mutual aid associations in 1990, allowing foreign investment managers into the market. The welfare ministry also wants better returns on the state pension investments, currently restricted to life assurers and trust banks.

For many European and US fund management companies, which have failed to gain access to such funds due to the tight relationships between Japanese corporations and fund managers, winning public fund management contracts is the only way they can justify maintaining operations in Japan.

Investment of state pension fund reserves totalling an outstanding Y100,000bn ($925bn) is controlled by the finance ministry, with the bulk funnelled into low interest loans for public works.

Of the remainder, Y20,000bn is invested by the Welfare Service Public Corporation (Nenpuku), run by the health ministry – but rigid rules still govern how the organisation invests in the financial markets.

The health and welfare ministry also wants to alter legislation limiting the state pension fund investment during the current parliamentary session.

Another big concern is the large amounts allocated to one manager by Nenpuku. The organisation is only allowed to allocate funds to 14 life assurers and 15 trust banks, with one institution managing as much as Y2,000bn.

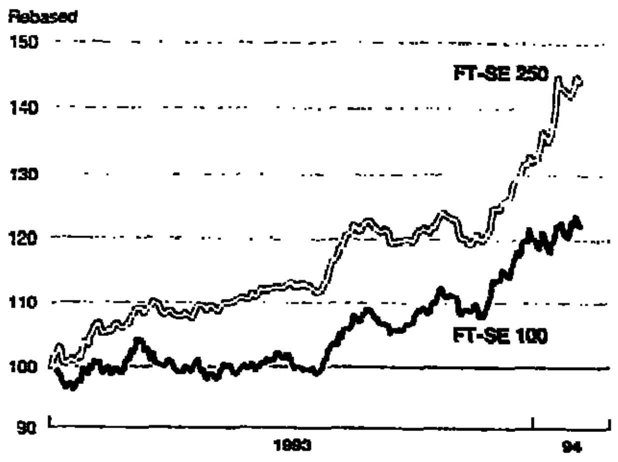
Deregulation of the pension fund market is on the agenda for the bilateral trade talks between Japan and the US, with the deadline set for July. However, the Japanese welfare ministry is trying to convince bureaucrats at the finance ministry to open state pension fund investments during budget negotiations this month.

Laws governing the state pension system are reviewed only once in four years, and government officials say changes on the system and investments must be made together by April.

# New options give fund managers a wider choice

## Tracy Corrigan reports on the prospects for new derivative instruments on the FT-SE Mid 250 stock index launched today

**Relative performance of FT-SE indices**




Source: FT Graphite

The launch of futures and options on the FT-SE Mid 250 index today on OMLX, the London-based equity derivatives exchange, could not have been better timed.

The path for OMLX is far from smooth: in three weeks, Liffe, Europe's largest futures exchange, will weigh in with its own FT-SE 250 futures contract (though no options), which will be traded alongside its already successful FT-SE 100 futures and options.

But the omens for at least one successful Mid 250 product are good. After outperforming the FT-SE 100 index last year, the FT-SE 250 index of medium-sized companies stormed to new highs in January.

"The dramatic outperformance of the FT-SE 250 has highlighted the opportunity – or missed opportunity – provided by the mid-cap sector," said one fund manager.

In addition, a growing number of UK fund managers are starting to use the FT-SE 350 index (which is made up of the FT-SE 100 and 250 indices) as a key benchmark for measuring their performance. The FT-SE 100 index is widely viewed as "not representative" or "too specialised" for performance measurement purposes, while the smaller FT-SE All-Share stocks are seen as too illiquid.

"I would be surprised if more [fund managers] do not move over to the 350 in the next couple of years," said Mr Mel Stimpson, an investment manager at Standard Life.

Many have already made the switch. "We are split into large and small companies. When the new indices (the FT-SE 350 and FT-SE SmallCap) were introduced, we incorporated them as separate benchmarks," said Mr Jeremy Dyer, portfolio manager at Scottish Amicable.

For fund managers who track these indices, the new futures contracts on Liffe and OMLX will facilitate switches between these sectors for asset allocation purposes. Other uses include hedging existing portfolios, writing options against stock holdings to enhance returns, and playing the spread between the FT-SE 100 and 250 indices or the cash market.

Mr Dyer said he would be keen to use the new products providing there is sufficient liquidity, and added that he hoped to see the introduction of futures on a smaller companies index in the future.

Although the FT-SE 100 futures on Liffe are actively traded – a daily average of close to 17,000 contracts in January – the size of the market is relatively small compared with the UK market capitalisation.

Attitudes are changing towards the use of derivatives – for example, many trustees have amended their deeds to allow at least limited use of derivatives – but it is a slow process.

"Derivatives are redefining people's views of performance. If you want to outperform the stock market, you can just buy the futures and stick the rest in T-bills," said Mr David Courtney, marketing director of OMLX. "Those who are becoming more active in derivatives are typically performing well rather than badly relative to the index."

But some observers doubt whether there will be sufficiently broad demand to create liquid contracts. And no one seems to think that the market is large enough to support the two rival contracts on OMLX and Liffe.

On the face of it, Liffe should be the favourite. It already trades FT-SE 100 contracts, as well as a broad array of interest rate products, and is the obvious port of call for most brokers.

But fund managers, some of whom had not previously come across OMLX – which traded an average of nearly 23,000 Swedish stock index options in January – have been impressed by the smaller exchange's speed in getting the new contracts off the block and in marketing them. Further, Liffe's track record in equity derivatives has been less impressive than its performance in interest rate products.

From the point of view of the fund managers who will be served by the new contracts, the advent of competition for Liffe is welcomed. Few investors expressed fears that liquidity will be split between the rival contracts.

● OMLX said yesterday that it would have 10 market makers and eight designated brokers on its FT-SE 250 contracts. Market makers will be obliged to quote two-way prices, but there is no minimum bid/offer spread.

# Amcor in asset swap with Bonar

By Nikki Tait in Sydney

Amcor, the Australian paper group, yesterday announced an asset swap deal between its Montreal-based Twinpak subsidiary and Ontario-based Bonar.

Twinpak will shed its North American paper sack and industrial plastic bags manufacturing business, but take on the bulk of Bonar's coating and laminating business in eastern Canada. Amcor declined to disclose sales of the businesses involved.

The Australian company also announced that it had agreed to acquire a small plastic bottle manufacturing plant in New York State, its first move into the US. Amcor has been steadily building an international operation recently.

# Thai Military Bank nets Bt2bn

By Victor Mallet in Bangkok

Thai Military Bank (TMB), one-third owned by Thailand's armed forces, yesterday announced a 58 per cent rise in net profit to Bt2.85bn ($112m) last year from Bt1.80bn in 1992.

TMB's profits rose more sharply than those of other leading banks such as Bangkok Bank, Siam Commercial Bank and Thai Farmers Bank, but some analysts believe TMB will not be large enough to compete effectively against its rivals as the Thai financial sector is liberalised and opened more to foreign banks.

Siam City Bank reported a 68 per cent rise in its net profit to Bt1.98bn in 1993 from Bt1.17bn the previous year. The two banks have yet to divulge further details of their results.



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£125,000,000
Guaranteed Floating Rate Notes 1997
(the "Notes")

NOTICE IS HEREBY GIVEN that, pursuant to Condition 6(c) of the Terms and Conditions of the Notes, the Issuer will redeem all outstanding Notes on March 8, 1994 at the redemption price of 100% of the principal amount thereof.

Payments will be made upon presentation and surrender of the Notes at the main offices of Morgan Guaranty Trust Company of New York in London or Brussels or Banque Paribas Luxembourg in Luxembourg. Such payments will be made in pounds sterling at the specified office of the Paying Agent in London or, at the option of the holder, at any specified office of any Paying Agent by pounds sterling cheque drawn on a Town Clearing Branch of, or by transfer to a pounds sterling account maintained by the payee with, a bank in London.

Notes should be presented for payment together with all unmatured coupons.

3i Group plc
By: Morgan Guaranty Trust Company
*as Principal Paying Agent*

Dated: February 4, 1994

# Higher shipments help lift Whirlpool profits 11%

By Martin Dickson in New York

Whirlpool, the leading US maker of white goods, yesterday announced an 11 per cent increase in fourth-quarter net earnings, helped by higher unit shipments in North America, Europe, Latin America and Asia.

The group made $69m, or 94 cents a share, up from $62m, or 87 cents, in the same period of last year, while revenues rose 4 per cent to $1.90bn, despite the negative effect of currency translation.

The figures included $14m, or 19 cents, in after-tax charges for restructuring in Canada and Europe and for ending agreements with distributors in the US. The 1992 quarter was reduced by an $11m, or 15 cents a share, special charge.

Whirlpool made $51m, or 67 cents, in 1993 as a whole, down from $205m, or $2.90, in 1992, although excluding special charges earnings would have been 32 per cent up at $271m.

The company said shipments in its core North American market had grown in 1993 well ahead of the sector's 5 per cent expansion and it expected regional industry shipments to rise by 3-4 per cent this year. Whirlpool's North American operating results were up significantly on 1992.

In Europe the group recorded strong shipment growth despite an industry decline of 1 to 2 per cent. Industry shipments in 1994 were expected to be similar to last year.

● Maytag, the white goods manufacturer, reported fourth quarter income up 55 per cent, from $11.2m, or 11 cents in 1992, to $17.5m, or 16 cents. The improvement was due mainly to increased volume, especially in premium brands, and greater production and operating efficiencies.

However, the Hoover Europe subsidiary lost $6.9m, against income of $4.1m, due to pressure on operating margins and inefficiencies associated with its consolidation of vacuum cleaner production in Scotland.

# Euro Disney shares tumble

By Alice Rawsthorn in Paris

Euro Disney, the troubled leisure group, yesterday saw its shares fall sharply as concern mounted about the prospects for its financial rescue plans after an inconclusive creditors meeting in Paris.

The shares, which have been highly volatile since last autumn when the full extent of the group's financial problems became apparent, fell by 7.5 per cent to close FFr2.70 lower at FFr33.50.

The fall was helped by the announcement that Euro Disney fell further into the red in the quarter to December 31 with a net loss of FFr553m ($93.09m) against FFr423m in the same period of 1992.

Euro Disney's banks had originally hoped to use the meeting as a forum to finalise plans for their strategy in the rescue talks.

But KPMG Peat Marwick, their auditor, was unable to complete its financial analysis in time. The banks now plan to meet later this month when KPMG has completed its report.

KPMG's preliminary analysis of Euro Disney's position does not differ greatly from information released to the banks by Walt Disney, its US parent company.

However, sources said its initial estimates suggest that the group may need a capital injection of around FFr12bn to reduce its FFr20.3bn net debt, slightly more than Walt Disney's suggestion of FFr10bn.

# Continental Air in the black

By Richard Tomkins in New York

Continental Airlines, the Texas-based carrier that emerged from its second bankruptcy in April last year, yesterday reported an operating profit of $8.5m for the fourth quarter, compared with operating losses of $43.7m in the comparable 1992 period.

Its net losses, however, rose from $13.9m last time to $26.5m, or $1.47 a share, but Continental said the comparable period's results were favourably affected by $62m worth of non-recurring adjustments mainly related to litigation settlements.

For the eight months from its reorganisation to the end of 1993, it reported net losses of $38.5m, or $2.33 a share. No meaningful comparison is available for the previous year because the company was in Chapter 11 bankruptcy protection.

Mr Robert Ferguson, chairman and chief executive, said the fourth quarter's results were evidence of the company's continuing progress with cost reductions and improved marketing.

Earlier this week Continental put further downward pressure on US air fares by announcing it was increasing the number of cut-price flights it offers each day from 304 to 875, more than half its daily total of 1,599 departures.

The move makes it better able to compete with small, low-cost carriers like the Texas-based Southwest Airlines, which are transforming the domestic short-haul market by turning air travel into a no-frills commodity business.

Late yesterday Southwest, the only consistently profitable airline in the US, reported a surge in net income from $26.8m last time to $38.4m for the fourth quarter, lifting earnings per share from 18 cents to 26 cents. For the full year, net income rose by 54 per cent to $169.5m.

# Sales rise, but Lilly still posts loss

By Richard Waters in New York

Eli Lilly, the US drugs group, recorded faster-than-expected sales growth of 9 per cent to $1.8bn in the last quarter of 1993 compared with a year before. But $1.2bn of restructuring and other charges dragged the group into loss.

The higher sales were supported by products such as Axid, Humatrope, Prozac and Vancocin, the company said. Sales of Ceclor, an antibiotic which is Lilly's second-biggest product after Prozac, the anti-depressant, declined slightly during the year, it added.

Due to previously announced charges, the company reported a net loss for the quarter of $523.6m, or $1.77 a share. Excluding one-off items, net income would have risen to $332.4m, or $1.14, from $311.1m, or $1.06, a year ago, when Lilly took restructuring charges of $46.1m pre-tax.

Like other companies, Lilly has experienced a slow-down in the US market. Sales there last year grew by 4 per cent, held back by "downward pressure on prices resulting from Medicaid rebates, which increased to $156m, and greater participation in managed care programmes".

Sales outside the US grew by 6 per cent, taking overall sales up 5 per cent to $6.5bn. Pharmaceuticals accounted for $4.75bn, up 7 per cent, and medical devices and diagnostics – earmarked for disposal – for $1.25bn, up 4 per cent.

For the year as a whole, net income fell to $480m, or $1.63, from $709m, or $2.41, in 1992.

# UNP raises C$12.5m

International UNP Holdings, the Toronto stock exchange-listed company which specialises in buying control of and turning round medium-sized Polish companies, has raised C$12.5m (US$9.4m) by the private placement of 13.8m new shares, writes Anthony Robinson. The lead investor is Barings Investment Management, with shares worth C$7.86m.

# Clouds roll in over Silicon Valley

## The microprocessor market faces fierce competition, writes Louise Kehoe

Intel, the US semiconductor maker, unveiled some sparkling 1993 financial results: net income had jumped 115 per cent to $2.3bn and revenues had risen 50 per cent to $8.8bn.

The figures confirmed the Silicon Valley company's position as the world's largest and most profitable semiconductor manufacturer. But there are some clouds gathering.

Driving Intel's growth is its domination of the market for microprocessors that power personal computers. About 80 per cent of the 36m PCs sold last year contained an Intel microprocessor chip.

Yet recent setbacks have demonstrated the intense competition Intel will face in the year ahead, raising questions about how long the company can maintain its grip on the PC microprocessor market.

The latest bad news comes from one of several tangled legal disputes in which Intel has been attempting to prevent competitors from "cloning" its microprocessor chips.

Intel this week dropped patent infringement claims against Cyrix, a small Texas semiconductor company that has been selling its own versions of Intel's 486 microprocessor. Intel agreed to settle the dispute, granting Cyrix patent licences and paying the company $5m, contingent on an appeal of one aspect of the case.

While the settlement will enable Cyrix to compete more effectively with Intel, more importantly, it could open the way for larger chip manufacturers to compete with Intel.

As part of the settlement, Intel was obliged to provide Cyrix with a list of semiconductor companies that could

Andrew Grove displays Intel's new Pentium microprocessor

manufacture clone microprocessors on Cyrix' behalf, because they already hold licences to Intel's patents.

These include SGS Thompson's US division and Texas Instruments, as well as "a short list of other manufacturers". These companies, if they choose to partner Cyrix or another clone designer, could pose a far more significant threat to Intel.

Intel's capitulation in the Cyrix case stems partly from a US Supreme Court decision last month not to hear an appeal of a similar case in which Intel was attempting to prevent another small competitor circumventing its patents by contracting with Hewlett-Packard to manufacture clone microprocessors.

In the meantime, Intel's lawyers have been busy in San Francisco in a re-trial of the company's technology licensing dispute with Advanced Micro Devices, a Silicon Valley neighbour and former Intel technology partner.

This case will determine whether AMD can continue to sell microprocessor chips incorporating Intel technology. If Intel wins, it could stop AMD in its tracks. But the outcome is far from certain.

AMD is Intel's strongest competitor in the PC microprocessor market. In a significant blow to Intel, Compaq Computer, the third largest PC manufacturer after IBM and Apple Computer, last week announced it would buy, for the first time, some of its microprocessor chips from AMD.

Although Intel is expected to remain Compaq's principal supplier, the shift represents a strong endorsement for AMD that could influence other PC manufacturers.

In another development that may in the long term represent a far more serious threat to Intel, IBM is not taking up its option to manufacture, under licence, Intel's latest Pentium microprocessors.

Instead, IBM will focus its semiconductor production investments on "PowerPC" microprocessors, co-developed by IBM with Motorola and Apple Computer.

IBM's decision confirms it now regards PowerPC as its strategic microprocessor technology for the future. But it stresses it has a large and growing business in PCs based on Intel chips, and expects to buy large quantities from Intel.

Despite Intel's clouded outlook, none of its competitors can match its resources. This year, for example, it is planning capital expenditures on new production plants and equipment of $2.4bn, a 26 per cent increase over 1993.

The capital injection will enable Intel to deliver new generations of chips that are smaller, faster, more energy-efficient and less expensive to make than those produced on older technologies, Mr Andrew Grove, president and chief executives, told industry analysts last week.

This year, Intel will greatly expand production of its latest Pentium microprocessors to "several million units". Mr Grove said he expected Pentium processor-based computers to represent 15 per cent of all PCs sold this year, up from only about 1 per cent in 1993.

"So long as we don't screw up, we will be very hard to catch," says Mr Grove.

# Colgate advances 11% to $122m in fourth term

By Richard Tomkins

Colgate-Palmolive, the US consumer products group, yesterday reported an 11 per cent increase in net income to $122.1m in the fourth quarter, helped by its largest unit volume growth of the year.

Earnings per share rose by 18 per cent to 78 cents with fewer shares in issue.

Mr Reuben Mark, chairman and chief executive, said every operating division at home and overseas had turned in its best volume performance of the year. Worldwide unit volume rose by 7 per cent and turnover by 4 per cent to $1.8bn.

The strongest growth came from Colgate's newer markets in Asia, Africa and Latin America. Thailand, Malaysia, Hong Kong and Australia produced combined volume growth of 17 per cent and Latin America produced volume growth of 11 per cent. Hill's Pet Nutrition increased volume by 9 per cent.

Colgate's mature markets did less well. In North America, volumes declined by 1 per cent from a strong performance in the comparable quarter, and in Europe volumes were only 1 per cent ahead – although this was the first quarter in 1993 to show an increase.

For the full year, unit volume grew by 5 per cent and sales by 2 per cent to $7.1bn. Excluding a charge of $358.2m for accounting changes, net income advanced by 15 per cent to $548.1m and earnings per share by 16 per cent to $3.38.

# Canada ponders a multimedia link

## Rogers and Maclean Hunter may join forces, writes Bernard Simon

The struggle for supremacy in the fast-changing multimedia business in Canada has intensified, with Rogers Communications proposing a "strategic merger" with Maclean Hunter.

The outcome of what appears to be an unfolding battle for control of MH is likely to be decided only partly by what is good for each company's shareholders.

Canadians can also expect to be bombarded over the next few weeks with opinions about how best to preserve some of their most treasured cultural icons, ranging from Maclean's, Canadian answer to Time magazine, to a string of radio and television stations.

Other weighty public policy issues will loom large in what Rogers is billing as Canada's opportunity to create a company able to stand up to the muscle of such global multimedia behemoths as Time Warner, News Corporation and Bertelsmann.

Rogers' proposal is certain to spark a debate about the relative merits of concentration of ownership versus economies of scale in the media and cable-TV businesses.

If foreign partners or predators become involved in the fray, as some analysts predict, Canadians will also be confronted with the vexing question of foreign involvement in the institutions which help define the differences between themselves and their southern neighbours.

Rogers is expected to unveil details of its offer following a board meeting in Toronto this afternoon. It has already bought 8.3 per cent of MH's 210m shares on the open market.

To finance the cash part of its offer, Rogers has C$700m (US$526.3m) in cash on hand and is arranging credit lines of C$2bn. It has indicated it will also include a parcel of its own non-voting shares in the bid.

MH's share price has shot up in anticipation of the offer, boosting its market capitalisation in the past two days from C$2.85bn to about C$3.5bn.

MH's US cable-television franchises in New Jersey, Michigan and Florida are alone estimated to be worth between $1.5bn and $2bn. These assets could play a decisive role in the looming battle.

Mr Ted Rogers, founder, controlling shareholder and chief executive of the company which carries his name, says if his bid succeeds, he will sell the franchises to help pay down debt. However, MH said this week it had hired Goldman Sachs to explore the possibility of selling the cable-TV assets itself, "with the objective of protecting and enhancing shareholder value".

With an eye on the political ramifications of the deal, Mr Rogers wrapped himself in a figurative maple leaf when he unveiled his plans late on Wednesday. The aim of the "strategic merger", he said, was to create "a dynamic new Canadian multimedia company where the whole is obviously far stronger than the parts".

The two companies combined have annual revenues of about C$3bn. Their cable-TV systems cover more than 3m subscribers, and between them own 32 radio stations and a number of TV outlets.

MH publishes about 250 magazines and trade journals, and owns 62 per cent of the Toronto Sun.

Mr Rogers claimed a merger between Rogers and MH would act as a counterweight to Canada's powerful telephone companies, as the lines between communications, media and entertainment become increasingly blurred.

He already has a minority stake in Unitel, which is trying to break the established phone companies' iron grip on the long-distance market.

Mr Rogers held out the prospect of lower cable-TV fees as the two companies combined and rationalised their Canadian operations. Their cable systems make up more than a third of the total market, and several are contiguous.

MH has so far reacted with typical caution to the approaches. It has noted that numerous regulatory approvals will be required. Its board "will consider the proposal in light of its other strategic alternatives, and with a view to the best interests of MH and its shareholders".

The question is already being raised as to whether a rock-solid repository of Canadian culture like Maclean Hunter should be allowed to fall into the hands of a restless entrepreneur like Mr Ted Rogers.

A columnist wrote in yesterday's Globe & Mail newspaper: "It is hard to see what highly-indebted Rogers is bringing to the table – aside from yet another bridging loan from its patient bankers. Why could not Maclean Hunter reshape its own future, or turn around and swallow Mr Rogers whole?"

# Investors reduce stakes in Argentine carmakers

By John Barham in Buenos Aires

THE controlling shareholders of Argentina's two listed carmakers have said they plan to continue reducing their stakes through block sales in the Buenos Aires Stock Exchange.

The announcements follow steadily growing overseas demand for shares in Ciadea, the locally-controlled company that makes cars under licence from Renault of France, and for Sevel, which holds the Peugeot and Fiat licences.

Mr Mauricio Macri, Sevel's president, said the company's controlling investors plan to reduce their holdings to 60 per cent from 84 per cent. Fiat of Italy holds 14 per cent of Sevel and the Macri family owns 70 per cent. The remaining 16 per cent is in the market.

The Macri family sold 2.25 per cent of Sevel in a block trade at the end of January for $19.9m. The buyers were not identified, but are believed to be international investors or investment funds.

Mr Manuel Antelo, Ciadea's president and principal shareholder, said the Luxembourg-based Cofal company that controls Ciadea plans to continue selling stock in block trades to cut its holding to 51 per cent from 56.8 per cent .

When Cofal took over the company from Renault in 1992, 28 per cent of its shares were in the Buenos Aires market and the remaining 72 per cent held by Cofal, owned by Renault, Mr Antelo and others.

Cofal has sold nearly 15 per cent of Ciadea's equity in 10 block trades through Buenos Aires stock exchange since the end of November. Most was sold to London-based brokers Smith New Court and Baring Securities.

# EMC earnings growth exceeds expectations

By Louise Kehoe in San Francisco

EMC, the fast growing US manufacturer of computer data storage and retrieval systems, reported a 331 per cent jump in earnings for 1993 as sales far exceeded expectations.

EMC's products include data storage systems for use with IBM mainframe and mid-range computers as well as Unisys mainframes.

For the year, the company reported revenues of $783m, an increase of 103 per cent over 1992's $386m. Net income for the year rose to $127m, or 60 cents a share, compared with $29.5m, or 16 cents a share, in 1992.

Fourth-quarter revenues more than doubled to $248.6m from $117.8m while net income was $46.8m, or 21 cents a share, up from $10.4m, or 6 cents, in the same period a year ago.

EMC is a leader in the emerging disk array market, for data storage systems based upon a collection of small disk drives, like those used in personal computers. Disk arrays provide faster data retrieval as well as higher storage capacity than conventional data storage systems at a lower price.

EMC gained market share in 1993 and expects to continue to do so this year, said Mr Michael Ruettgers, president and chief executive.

EMC is planning to launch new very high capacity data storage products this year that will address a broader segment of the data storage market, added Mr Bob Ano, senior vice-president of marketing.

In particular, the company expects growing demand for high capacity storage systems for multimedia and information highway applications, such as interactive television.

# Rubbermaid rises 15% in fourth quarter

By Richard Tomkins in New York

*Rubbermaid, the US household* goods company named America's "most admired company" by Fortune magazine last month, yesterday reported a 15 per cent increase in net profits to $50.8m for the fourth quarter.

The company also reported a 15 per cent increase in earnings for the full year, taking net income to $211.4m and maintaining the company's long-standing record of delivering annual earnings growth of around that level.

Earnings per share were 14 per cent ahead for the quarter at 32 cents and 15 per cent ahead for the year at $1.32, excluding a charge in the previous year for accounting changes.

The shares rose $½ to $31½ in early trading in New York.

Rubbermaid won its "most admired company" accolade in a Fortune survey of 10,000 senior executives, outside directors and financial analysts. The magazine cited Rubbermaid's record of innovation in the manufacture of otherwise mundane goods like dustpans, dish drainers and plastic storage crates.

Mr Wolfgang Schmitt, chairman and chief executive, said record introductions of innovative products were one of the main factors behind a 9 per cent growth in turnover to $472.9m for the quarter and to $1.96bn for the year.

All the increase in turnover had resulted from volume growth, Mr Schmitt said, because productivity gains and stable resin costs had produced cost savings that allowed the company to keep prices flat.

Mr Schmitt said sales growth had been helped by strong performances from the home products division and the Little Tikes toys division. Specialty products and commercial products had also shown improvements and the office products division had continued its recovery.

He said he looked forward to another record performance in 1994 in spite of the slow pace of growth in the world economy.

# Steelmakers' optimism tempered by overcapacity

## Surge in US demand masks problems, writes Richard Waters

After three years in which they racked up combined operating losses of $3bn, any numbers not swathed in red ink are apt to make the US's large steel companies feel almost light-headed.

But "Big Steel" – the collective name given to the country's six big integrated steelmakers – still has a long way to go to justify the optimism that has driven share prices in the sector ahead this year.

Without doubt, the steelmakers look in better health than for some years.

Buoyed by a domestic economic recovery that has lifted demand for steel from the automobile, appliance and construction industries, they reported a combined operating profit of around $100m in the third quarter of last year – their first since the third quarter of 1990.

Operating profits climbed to $150m in the final three months of the year.

The big companies – USX's US Steel subsidiary, Bethlehem, LTV, Inland, National and Armco – have also bolstered their collective balance sheet after the ravages of the last downturn.

In the past year, they have sold $1.5bn of ordinary and convertible preference shares between them in a binge of capital raising. That is set to continue, with Armco and Kawasaki Steel of Japan last week announcing plans for a $590m recapitalisation ($315m of it equity) for their Armco Steel joint venture.

A sharp improvement in the US steel market lies behind the turnround, and investors' demand for the steelmakers' shares.

Last year, US makers of cars and appliances increased orders for flat-rolled steel, which is the staple product of the big steelmakers.

Mini-mills, which make steel from scrap melted in electric furnaces, dominate the market for structural products, rods and bars, though some have targeted the flat-rolled market.

Hot metal: molten steel is poured into a continuous caster at a plant owned by Bethlehem Steel, one of the 'big six'

US steel companies shipped 87.5m tons last year, according to a Salomon Brothers estimate, up around 6 per cent from 82.2m the year before (which itself was 4 per cent higher than the trough of 1991).

The biggest growth is likely to have come in flat-rolled products, which account for around half the market and sales of which grew by some 8 per cent during 1993.

Nor is there any sign of a surge in imports – though that may follow if the US dollar continues to strengthen.

Last July, when the US's International Trade Commission refused to confirm some of the tariffs which had been imposed on imports by the country's Commerce Department, the domestic industry braced itself for a new wave of imports.

It did not come. Imports remain at around 17 per cent of the US market, 10 points lower than a decade ago. They could fall further, if US steelmakers increase their domestic output and stop importing semi-finished steel to feed their mills.

Perhaps even more important for the big producers, domestic rivals – which have provided tougher competition than foreign steelmakers in recent years – have had their own problems.

The mini-mills have been hit by a sharp rise in the cost of scrap, which has wiped out much of their cost advantage.

"Some scrap prices are double what they were a year ago," says Mr John Jacobson, a consultant at the Wefa Group.

The result has been a rapid increase in steel prices. Hot-rolled sheets were selling at $360 a ton at the end of last year, 20 per cent more than at the start of the year. The price of cold-rolled sheets had risen by 16 per cent, to $487 a ton. These price rises have yet to feed through fully into the steel companies' figures, however.

Many supply contracts have yet to be renegotiated. There have also been reports that big carmakers have succeeded in holding out against the full price rises.

It is not surprising the steel companies feel more optimistic than for some time. But their recovery needs to be put in context.

Steel prices are still well below the level reached in 1988 and 1989 – when steelmakers anjoyed a brief respite between the long slump of the early 1980s and the more recent dip.

Slow economic growth in Europe and Japan, adding to the overcapacity in the worldwide steel industry, is likely to prevent prices rising much further.

The construction of new mini-mills in the US – some built by the big steel companies – will add to capacity over the next two years, further holding back prices.

In addition, the operating profits of the big steel companies look fragile when set against combined sales running at around $5bn a quarter. At the after-tax level, the steelmakers have yet to break back into profit (though that should come this year).

The big steelmakers also continue to be weighed down financially by the sort of problems that newer, low-cost rivals do not face. Bethlehem Steel took a $350m charge in the last quarter to cover restructuring in its structural products division, an area where it is in most direct competition from the mini-mills.

Falling long-term interest rates have pushed up the steelmakers' pension fund liabilities: Bethlehem pumped $260m into its pension fund in 1993, but still saw the fund's deficit rise to $1.6bn, from $1.2bn the year before. LTV, emerging from bankruptcy last summer, put $1.4bn into its pension plans, and intends to contribute $579m more this year.

Concerns like these have tempered optimism among the steelmakers, in spite of their full order books.

# Inco loss deepens in final term to $39.2m

By Robert Gibbens in Montreal

*Inco, faced with the lowest* nickel prices in six years, posted a fourth-quarter loss of US$39.2m, or 36 cents a common share, against a loss of US$30.1m, or 28 cents, a year earlier, on net sales of $516m against $612m.

Helped by a strong third quarter, the world's leading nickel-copper-platinum producer reported net profit for all 1993 of $24m, or 22 cents, against a loss of $22.3m, or 21 cents, on net sales of $2.13bn against $2.56bn.

The results were slightly worse than analysts expected. The figures are stated after preferred dividends in both years.

In 1993, Inco included a $187m gain from the sale of a subsidiary.

Realised nickel prices were the lowest since 1987, said Inco.

The average was $2.42 a pound in the fourth quarter and $2.72 in all 1993, down 20 per cent from 1992.

Inco reduced output by 33m lbs last year and will make another cut of 40m lbs in the first quarter this year.

LME cash prices have strengthened recently and Inco says its production plans for the remainder of 1994 are flexible.

# ITT in line with expectations

By Richard Waters in New York

*ITT, the US conglomerate with* operations spanning financial services, hotels and manufacturing, met market expectations with a steady advance in operating results in all its main business areas in the final quarter of 1993.

After-tax profits for the period were $219m, or $1.67 a share, compared with a loss of $617m a year before, when the company took a variety of charges on its consumer finance and paper businesses.

The figures do not include figures for the forest products business, which ITT said in December will be spun off to shareholders.

ITT Hartford, the group's insurance company, recorded a 26 per cent rise in operating income, excluding portfolio gains, largely as a result of improved underwriting experience in the casualty business.

Insurance earnings were $719m, while earnings in the consumer finance business rose to $271m from $175m.

Manufactured products, which saw a rise in operating earnings to $310m from $103m, benefited from higher anti-lock break sales in the US and cost reductions. These pushed up earnings at ITT Automotives by 40 per cent year-on-year.

ITT Sheraton saw a 40 per cent improvement in earnings in its US operations from a year before, lifting operating earnings in the hotels business to $78m from a loss of $26m the year before.

For the year as a whole, ITT reported net income of $913m, compared with a loss of $885m the year before.

The company's shares rose $1¼ to $100½ in early trading on Wall Street.

# CAE takes C$429m charge

By Robert Gibbens

CAE, the international flight *simulator maker, has taken a* C$429m (US$327.4m) charge to cover problems at its US subsidiary, CAE-Link.

Link, acquired in 1988, has suffered a sharp decline in military simulator and flight training orders in the past three years.

Mr John Caldwell, CAE president, said: "Virtually no new military programmes will be awarded before 2000 and this write-down aligns the value of Link with this outlook."

Link has halved its payroll to 3,800 and more jobs will be lost this year, Mr Caldwell said.

However, he said profits were improving and Link would move into navigation systems. The order backlog stands at C$600m.

After the special charge, CAE reported an overall net loss in the third quarter of C$419m, or C$3.86 a share, against net profit of C$10.9m, or 10 cents, a year earlier, on revenues of C$264m, compared with C$254m.

The nine-month loss was C$405m, or C$3.73, against a profit of C$23.6m, or 22 cents, on revenues of C$768m, up 5 per cent. Before special charges, profit was C$33m, against C$32.7m.

CAE's Canadian business has been affected by lower commercial aircraft simulator orders.

● Rio Algom, the Canadian mining group, raised C$180m with its issue of shares and warrants, or C$23m more than originally estimated.

● Canadian Pacific's Fording Coal unit is buying a large high-grade wollastonite deposit in north western Mexico. The mineral is used as a substitute for asbestos.

# Reader's Digest advances 25%

Reader's Digest exceeded Wall Street's expectations by posting a 25 per cent improvement in net income in the three months to end-December, writes Frank McGurty in New York.

The New York-based publishing group announced net income of $88.8m, or 76 cents a share, in its second fiscal quarter.

This compared with $70.3m, or 59 cents, in the corresponding period in 1992.

On an operating basis, profits were 30 per cent ahead after stripping out the adverse effect of currency fluctuations.

## INTERNATIONAL CAPITAL MARKETS

# Treasuries tumble on mounting Fed rate fears

By Frank McGurty in New York and Antonia Sharpe in London

US Treasury bonds tumbled yesterday morning amid speculation that the Federal Reserve would boost short-term interest rates after the release of today's January employment data.

By 1pm, the benchmark 30-year government bond was $\frac{21}{32}$ lower at $99\frac{15}{32}$, with the yield rising to 6.325 per cent. On the short end, the two-year note was down $\frac{3}{16}$ to $99\frac{7}{32}$, to yield 4.281 per cent.

Although the timing of a move by the Fed remained uncertain, some traders seemed convinced that action would come sooner than later. For many, this was the impression left by Mr Alan Greenspan, the central bank's chairman, in his remarks to a congressional committee early this week.

Yesterday's economic news was inconclusive. Early on, bond prices edged higher after the Labor Department said claims for unemployment benefit had jumped by 59,000 last week. However, the labour market's contraction largely reflected frigid weather and the impact of the Los Angeles earthquake. Separately, a 1.2 per cent increase in December factory orders was strong, but in line with the consensus forecast of 1.4 per cent.

By mid-morning, bonds had reversed course and were declining steadily as traders warily turned their attention to today's payroll figures. Forecasts range from a gain of 165,000 to one of 200,000, which may give the Fed sufficient reason to lift the rates by 25 basis points.

## GOVERNMENT BONDS

■ The Bundesbank's decision to leave German interest rates unchanged after its fortnightly council meeting, and fears that the Federal Reserve was poised to raise US interest rates weighed heavily on European government bonds markets yesterday.

Trading was active across Europe, and several exchanges reported record volume in government bond futures contracts.

Following the publication of worse-than-expected German M3 data for December yesterday morning, few participants in the German government bond market believed the Bundesbank would put its credibility at risk by cutting interest rates.

Nevertheless, they expressed their disappointment by driving bond prices lower, with short-dated maturities suffering the most. Yields on four-year paper rose eight basis points to 5.20 per cent, while yields on 10-year paper rose four basis points to 5.75 per cent.

Mr Julian Callow, European economist at Kleinwort Benson, said the German government bond market found some comfort in the Bundesbank's decision to return to its normal practice of announcing the terms of repo tenders on Tuesdays. The news raised hopes that the central bank could return to variable rate pacts as early as next week. This would enable the market to nudge the repo rate lower.

The March bund future on Liffe dropped from the day's best level of 100.45 in heavy trading, to trade at 99.67, down 0.68 on the day.

■ UK government bonds fell more than a point at the long end as the Bundesbank's decision to keep rates steady and worries about a rise in US rates dashed hopes of an early rate cut in the UK. On Liffe, the March long gilt future plunged $\frac{21}{32}$ to close at $117\frac{21}{32}$. In the cash market, the benchmark 8 per cent gilt due 2013 dropped 1¼ point to 114¼.

■ Japanese government bonds and futures eased further in London following the news in Tokyo of a delay in the economic stimulus package due to opposition from the socialists, the largest bloc in the coalition government.

The March government bond future on Liffe traded at 113.79, down 0.61 on the day, and compared with a close of 113.85 in Tokyo.

# Congo forced to relaunch $600m structured deal

By Sara Webb

A complex structured bond issue for the Republic of the Congo, which was intended to raise $600m from international investors, has had to be completely revamped and relaunched due to lack of investor demand for the original product.

Qwinzy Capital Group, a Hong Kong-based broker, announced last month it had bought the bonds, with a face value of $600m. It had hoped to place them with specialist emerging market investors.

Qwinzy originally structured the deal in the form of zero-coupon "energy receivables" bonds maturing in 2003, when the bond proceeds were to be redeemed using royalty payments from Agip, the Italian oil company with drilling rights in the republic. The zero-coupon bonds were forecast to yield between 9 and 11 per cent, according to Qwinzy.

Because of the low level of investor interest, Qwinzy, which initially purchased the bonds in a bought deal, has renegotiated a lower purchase price for the bonds, according to Mr Neil Miller, managing director of Anglo-Oriental Investments, the London arm of Qwinzy. He said the original terms of Qwinzy's agreement with the Congo allowed for renegotiation of terms in the event of placement problems.

The new-look structured deal consists of Congo bonds securitised by 10-year US Treasury bond principal (bonds stripped of their coupon, and carrying a triple-A credit rating) with a 10 per cent coupon made up of the Agip "receivables" or royalties.

As a result of the restructuring, the Congo will receive about $250m instead of the estimated $500m in the original deal.

# SG Warburg leads quiet day with £125m offering

By Conner Middelmann

In an otherwise quiet day in the Eurobond market, the S. G. Warburg group raised fresh capital in the sterling bond market with an issue of subordinated debt. The £125m offering of subordinated perpetual bonds pays a coupon of 9 per cent and is priced to yield 225 basis points over the 8¾ per cent gilt due 2017.

The spread tightened to 220 basis points at the bid price towards the close.

Market participants said most of the paper was likely to have been pre-placed by lead manager S. G. Warburg Securities. According to an official there, most of the bonds went to investors in the UK and the Channel Islands, although he also reported some continental buying.

The slide in gilts, which fell by more than a point at the long end, sent traders scrambling to cover positions in recently issued paper. Jittery markets and the uncertain interest rate outlook may limit further issuance in the near term, traders said.

In the D-Mark sector, Dresdner International Finance issued DM100m of so-called leveraged 10-year floating-rate notes. The notes pay a fixed coupon of 5¼ per cent for the first two years, and two times 6-month Libor minus 6.9 per cent for the third year.

## INTERNATIONAL BONDS

According to lead manager Dresdner Bank, the notes are structured so that their price rises as long-term interest rates rise. They are targeted at investors who expect German short- and long-term rates to rise, although investors are protected from near-term rate cuts by the two-year fixed-rate coupon.

The structure is the mirror image of the so-called reverse floaters, which have gained popularity in the past few years. According to the lead manager, the leveraged floater effectively represented the "synthetic short selling of an eight-year bond and is the result of a double long position in an FRN and a short position in a bond with a fixed coupon of 6.9 per cent".

It is a typical bear-market instrument, and is "ideal as part of a portfolio of fixed income securities – it is a hedge instrument for fixed coupon bonds," said the lead manager.

The other structured D-Mark deal was a DM100m 10-year issue of floating fixed-rate notes for the World Bank via Mitsubishi Bank. The bonds pay a floating-rate coupon of 27¼ basis points above 6-month Libor for the first five years, and then a fixed coupon of 6¾ per cent. They are callable after five years.

The lead manager said the bonds were placed with institutions in continental Europe and Japan.

"It's an odd view to take – most people expect rates to fall first and then to rise, so you have the worst of both worlds if you hold this paper," said one trader. "Mitsubishi Bank probably identified specific demand for this type of paper from an investor and tailored the deal around that," he said.

In the French franc sector, French carmaker Renault issued FFr2bn of 10-year bonds via Société Générale. The bonds were priced to yield 56 basis points over the 5½ per cent OAT due 2004 and closed at that spread. According to the lead manager, the bonds met good demand, mainly from French investors attracted by the yield pick-up.

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees % | Spread bp | Book runner |
|---|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | | |
| Hong Kong China Treasury(a)*§ | 120 | 2.00 | 100.00 | Dec.1998 | 2.50 | - | Daiwa Secs.Bank(Switz.) |
| Kolon Industries(b)§ | 50 | (¼-½) | 100.00 | Dec.2004 | 2.50 | - | Ssangyong Secs. Europe |
| Co. General de Combustibles | 50 | 9.50# | 99.50R | Feb.1999 | 1.00R | +350(5¾%-99) | Paribas Capital Markets |
| **D-MARKS** | | | | | | | |
| World Bank(c)‡ | 100 | (d) | 100.25 | Mar.2004 | 0.25 | - | Mitsubishi Bank(Deutsch.) |
| Dresdner Intl.Finance Dublin‡ | 100 | (e) | 101.20 | Mar.2004 | 1.50 | - | Dresdner Bank |
| **STERLING** | | | | | | | |
| SG Warburg Group(f) | 125 | 9.00 | 99.987R | undated | 0.75R | +225(8¾%-17) | SG Warburg Securities |
| Cheltenham & Gloucester(g)‡ | 100 | (h) | 99.81R | Jan.1999 | undisd. | - | Kleinwort Benson |
| **FRENCH FRANCS** | | | | | | | |
| Renault | 2bn | 6.25 | 99.635R | Mar.2004 | 0.375R | +56 (5½%-04) | Société Générale |
| **LIRE** | | | | | | | |
| BHF-Bank | 150bn | 8.125 | 101.70 | Feb.2001 | 1.875 | - | Banca Commerciale Italiana |
| **ESCUDOS** | | | | | | | |
| European Investment Bank | 15bn | 8.20 | 101.125 | Feb.2001 | 1.625 | - | Deutsche Bank de Inve. |

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. §Convertible. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Conv price: HK$5.172. FX: fixed on 7/2/94. Puttable on 31/12/97 at 117¾%. Callable from 31/12/94 subject to 130% rule. b) Fixing: 7/2/94. Conv premium 20-30%. Callable from 22/2/95 subject to 130% rule. c) Callable in 5 yrs at par. d) 6-mth Libor +0.275% for 1st 5 yrs and 6¾% fxd thereafter. e) 5¼% fxd for 1st 2 yrs and 2 x 6-mth Libor - 6.9% thereafter. f) Callable from 18/2/98 at higher of par or gilts flat. Callable from 17/2/24 at par. g) Fungible with outstanding £150m. h) 3-mth Libor +0.1%.

# Futures exchanges open year with record month

By Laurie Morse in Chicago and Tracy Corrigan in London

After a record year for futures business in 1993, some of the world's leading futures exchanges had a record month in January.

Volume at the Chicago Board of Trade, the world's busiest exchange, jumped 40 per cent in January, to 16.8m futures and options contracts, after setting a world volume record of 178m contracts in 1993.

The Chicago Mercantile Exchange said it traded 14.2m futures and options contracts in January, a 21 per cent increase over last January. However, for the first time it included turnover linked to options expirations, options exercises, deliveries, and other off-floor activities. Without the new accounting methods, CME volume was 13.3m contracts, a 13.5 per cent gain.

The London International Financial Futures & Options Exchange, the world's third-largest futures exchange, traded a record 12.6m contracts in January.

## WORLD BOND PRICES

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Day's change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| Australia | | 9.500 | 08/04 | 121.4900 | -0.120 | 6.21 | 6.18 | 6.66 |
| Belgium | | 7.250 | 04/04 | 105.1100 | -0.770 | 6.54 | 6.52 | 6.49 |
| Canada * | | 7.500 | 12/03 | 107.5500 | -0.050 | 6.45 | 6.40 | 6.66 |
| Denmark | | 7.000 | 12/04 | 106.8200 | -0.480 | 6.12 | 6.05 | 6.13 |
| France | BTAN | 8.000 | 05/98 | 110.8200 | +0.100 | 5.10 | 5.12 | 4.99 |
| | OAT | 5.500 | 04/04 | 97.5200 | -0.580 | 5.83 | 5.74 | 5.71 |
| Germany | | 6.000 | 09/03 | 101.8100 | -0.180 | 5.74 | 5.77 | 5.61 |
| Italy | | 8.500 | 01/04 | 101.1400 | -0.220 | 8.33† | 8.41 | 8.58 |
| Japan | No 119 | 4.800 | 06/99 | 108.1350 | +0.490 | 3.04 | 2.91 | 2.35 |
| | No 157 | 4.500 | 06/03 | 107.0540 | +0.150 | 3.50 | 3.39 | 3.08 |
| Netherlands | | 5.750 | 01/04 | 100.2000 | -0.450 | 5.72 | 5.71 | 5.61 |
| Spain | | 10.500 | 10/03 | 117.3500 | -0.400 | 7.87 | 7.85 | 8.18 |
| UK Gilts | | 9.750 | 01/98 | 113-25 | -10/32 | 5.77 | 5.75 | 5.75 |
| | | 6.750 | 11/04 | 102-29 | -25/32 | 6.33 | 6.29 | 6.27 |
| | | 9.000 | 10/08 | 121-16 | -32/32 | 6.68 | 6.61 | 6.55 |
| US Treasury * | | 5.750 | 08/03 | 99-31 | -3/32 | 5.75 | 5.71 | 5.83 |
| | | 6.250 | 08/23 | 99-08 | - | 6.31 | 6.31 | 6.37 |
| ECU (French Govt) | | 6.000 | 04/04 | 99.5700 | -0.540 | 6.05 | 6.01 | 5.98 |

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

### US INTEREST RATES

| Lunchtime rates | | Treasury Bills and Bond Yields | | | |
|---|---|---|---|---|---|
| | | One month | 3.08 | Three year | 4.51 |
| | | Two month | 3.05 | Five year | 5.17 |
| Prime rate | 6 | Three month | 3.19 | 10-year | 5.76 |
| Broker loan rate | 5 | Six month | 3.38 | 30-year | 6.31 |
| Fed.funds | 3⅛ | One year | 3.67 | | |
| Fed.funds at intervention | - | Two year | 4.26 | | |

### BOND FUTURES AND OPTIONS

**France**

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 130.30 | 129.72 | -0.58 | 130.40 | 129.56 | 428,956 | 147,238 |
| Jun | 129.86 | 129.32 | -0.54 | 129.88 | 129.22 | 4,600 | 12,640 |
| Sep | 129.04 | 129.04 | -0.54 | 129.04 | 128.90 | 119 | 3,485 |

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

| Strike Price | Calls Mar | Calls Jun | Calls Sep | Puts Mar | Puts Jun | Puts Sep |
|---|---|---|---|---|---|---|
| 129 | 0.98 | 1.33 | 1.37 | 0.22 | 1.00 | 1.82 |
| 130 | 0.36 | 0.84 | 0.97 | 0.62 | 1.49 | - |
| 131 | 0.10 | 0.49 | - | 1.36 | - | - |
| 132 | 0.04 | 0.25 | - | - | - | - |
| 133 | 0.01 | 0.12 | - | - | - | - |

Est. vol. total, Calls 59,703 Puts 88,619. Previous day's open int., Calls 297,792 Puts 335,530.

**Germany**

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 100.37 | 99.77 | -0.58 | 100.45 | 99.65 | 240203 | 163010 |
| Jun | 100.31 | 99.71 | -0.58 | 100.37 | 99.65 | 1467 | 5288 |

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

| Strike Price | Calls Mar | Calls Jun | Puts Mar | Puts Jun |
|---|---|---|---|---|
| 9950 | 0.53 | 1.00 | 0.26 | 0.79 |
| 10000 | 0.27 | 0.76 | 0.50 | 1.05 |
| 10050 | 0.12 | 0.56 | 0.85 | 1.35 |

Est. vol. total, Calls 29516 Puts 31524. Previous day's open int., Calls 237611 Puts 175233

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE) DM250,000 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 103.06 | 102.65 | -0.39 | 103.12 | 102.61 | 1411 | 9172 |

**Italy**

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 118.85 | 118.30 | -0.51 | 119.00 | 118.07 | 70161 | 81231 |
| Jun | 119.12 | 118.56 | -0.49 | 119.22 | 118.58 | 582 | 6045 |

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

| Strike Price | Calls Mar | Calls Jun | Puts Mar | Puts Jun |
|---|---|---|---|---|
| 11800 | 0.90 | 2.39 | 0.60 | 1.83 |
| 11850 | 0.65 | 2.12 | 0.85 | 2.06 |
| 11900 | 0.44 | 1.88 | 1.14 | 2.32 |

Est. vol. total, Calls 1938 Puts 3610. Previous day's open int., Calls 60822 Puts 58276

**Spain**

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 106.84 | 106.40 | -0.37 | 106.99 | 106.32 | 62,306 | 94,092 |
| Jun | 106.80 | 106.30 | -0.29 | 106.43 | 106.43 | 2,063 | 9,687 |

**UK**

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 118-20 | 117-21 | -0-29 | 118-25 | 117-08 | 154435 | 110861 |
| Jun | 117-04 | 117-02 | -0-28 | 117-06 | 117-04 | 62 | 1376 |

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

| Strike Price | Calls Mar | Calls Jun | Puts Mar | Puts Jun |
|---|---|---|---|---|
| 117 | 1-06 | 1-51 | 0-28 | 1-47 |
| 118 | 0-35 | 1-26 | 0-57 | 2-22 |
| 119 | 0-15 | 0-62 | 1-37 | 2-58 |

Est. vol. total, Calls 20279 Puts 12537. Previous day's open int., Calls 102210 Puts 65783

**Ecu**

■ ECU BOND FUTURES (MATIF)

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 121.30 | 120.84 | -0.50 | 121.36 | 120.60 | 5,411 | 14,400 |
| Jun | 95.90 | 95.94 | -0.50 | 95.50 | 95.90 | 10 | 181 |

**US**

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

| | Open | Latest | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 116-16 | 116-09 | -0-05 | 116-18 | 115-24 | 268,145 | 338,385 |
| Jun | 115-14 | 115-06 | -0-05 | 115-15 | 114-22 | 2,652 | 24,071 |
| Sep | 114-05 | 114-07 | -0-05 | 114-09 | 113-24 | 172 | 34,178 |

**Japan**

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

| | Open | Close | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 113.87 | | | 113.99 | 113.74 | 1590 | 0 |
| Jun | 112.66 | | | 112.72 | 112.60 | 308 | 0 |

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

### FT-ACTUARIES FIXED INTEREST INDICES

| Price Indices UK Gilts | Thu Feb 3 | Day's change % | Wed Feb 2 | Accrued interest | xd adj. ytd | | Low coupon yield Feb 3 | Feb 2 | Yr. ago | Medium coupon yield Feb 3 | Feb 2 | Yr. ago | High coupon yield Feb 3 | Feb 2 | Yr. ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Up to 5 years (25) | 129.08 | -0.11 | 129.22 | 1.68 | 1.23 | 5 yrs | 5.74 | 5.69 | 6.37 | 5.97 | 5.91 | 6.97 | 6.08 | 6.02 | 7.17 |
| 2 5-15 years (21) | 160.29 | -0.46 | 161.03 | 1.47 | 1.97 | 15 yrs | 6.56 | 6.47 | 8.06 | 6.66 | 6.58 | 8.54 | 6.83 | 6.75 | 8.83 |
| 3 Over 15 years (8) | 185.87 | -0.78 | 187.32 | 1.28 | 1.79 | 20 yrs | 6.65 | 6.57 | 8.39 | 6.68 | 6.60 | 8.73 | 6.85 | 6.77 | 8.91 |
| 4 Irredeemables (6) | 223.88 | -1.19 | 226.58 | 2.60 | 0.00 | Irred.† | 6.74 | 6.65 | 8.78 | | | | | | |
| 5 All stocks (60) | 155.31 | -0.42 | 155.96 | 1.55 | 1.67 | | | | | | | | | | |

| Index-linked | Thu Feb 3 | Day's change % | Wed Feb 2 | Accrued interest | xd adj. ytd | | Inflation 5% Feb 3 | Feb 2 | Yr. ago | Inflation 10% Feb 3 | Feb 2 | Yr. ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 6 Up to 5 years (2) | 191.31 | -0.08 | 191.47 | 1.70 | 0.00 | Up to 5 yrs | 2.28 | 2.25 | 2.17 | 1.42 | 1.39 | 1.36 |
| 7 Over 5 years (11) | 191.71 | -0.38 | 192.44 | 0.65 | 0.57 | Over 5 yrs | 2.95 | 2.93 | 3.69 | 2.78 | 2.75 | 3.51 |
| 8 All stocks (13) | 190.73 | -0.35 | 191.39 | 0.75 | 0.51 | | | | | | | |

| Debentures and Loans | Thu Feb 3 | Day's change % | Wed Feb 2 | Accrued interest | xd adj. ytd | 5 year yield Feb 3 | Feb 2 | Yr. ago | 15 year yield Feb 3 | Feb 2 | Yr. ago | 25 year yield Feb 3 | Feb 2 | Yr. ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 9 Debs & Loans (65) | 155.68 | -0.95 | 157.17 | 2.83 | 0.56 | 7.54 | 7.41 | 8.73 | 7.65 | 7.54 | 8.64 | 7.72 | 7.62 | 8.84 |

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

### FT FIXED INTEREST INDICES

| | Feb 3 | Feb 2 | Feb 1 | Jan 31 | Jan 28 | Yr ago | High* | Low* |
|---|---|---|---|---|---|---|---|---|
| Govt. Secs. (UK) | 105.56 | 106.05 | 106.37 | 106.46 | 106.36 | 95.41 | 107.60 | 93.28 |
| Fixed Interest | 131.80 | 132.33 | 132.59 | 132.44 | 132.37 | 110.98 | 133.87 | 108.67 |

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

### GILT EDGED ACTIVITY INDICES

| | Feb 2 | Feb 1 | Jan 31 | Jan 28 | Jan 27 |
|---|---|---|---|---|---|
| Gilt Edged bargains | 96.5 | 111.3 | 97.8 | 146.1 | 135.8 |
| 5-day average | 117.5 | 131.3 | 131.8 | 132.3 | 123.6 |

## FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:00 pm on February 3

U.S. DOLLAR STRAIGHTS; SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS

[illegible]

## UK GILTS PRICES

Shorts (Lives up to Five Years); Five to Fifteen Years; Over Fifteen Years; Undated; Index-Linked; Other Fixed Interest

[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

# RJB Mining pays £4.7m for ICI arm

By Michael Smith

RJB Mining yesterday pleased the market by announcing the £4.7m acquisition of a coke and chemical company from Imperial Chemical Industries. It also forecast pre-tax profits for 1993 of £12.2m, ahead of analysts' expectations.

The shares rose 15p to 390p.

RJB is placing and offering 4.1m shares, representing 10 per cent of the existing total, at 340p to finance the acquisition and raise £9.3m.

BZW has placed 2.09m shares firm with investors and the balance is placed on a conditional basis, subject to clawback from shareholders under the open offer on a 1-for-10 basis.

Some £3m of the proceeds will be used to develop the Clipstone colliery in Nottinghamshire, recently leased from British Coal. The remainder will be used to provide working capital and reduce gearing to about 40 per cent, against 65 per cent at December 31 1993.

Separately, British Coal announced that it expected to reach lease and licence arrangements with RJB for the Rossington pit in Yorkshire. It indicated that Coal Investments was the preferred candidate for Markham Main pit, another colliery which RJB had hoped to mine.

The acquisition of Monckton Coke and Chemical provides RJB with a market for Clipstone and its other pits. Monckton processes 300,000 tonnes of coal a year, mainly to manufacture coke and smokeless fuel for industrial and household markets.

RJB expects Clipstone to produce 300,000 tonnes this year and up to 500,000 annually thereafter.

Monckton is based near Barnsley, Yorkshire, and employs 190 people. The core management team will be retained. It made trading profits of about £423,000 last year, on turnover of about £17.5m.

Mr Richard Budge, RJB chief executive, said yesterday he was confident that profit levels of more than £1m could be achieved at Monckton. Production inefficiencies would be reduced through the supply of coal from Clipstone.

RJB's estimate for 1993 pretax profits is 10 per cent up on the previous year's £11m. Pro forma earnings per share are expected to be 22.7p, with a final dividend of 7p, making 12p for the full year.

ICI's disposal was prompted by the company's restructuring. ICI Chemicals and Polymers previously made significant purchases from Monckton for its soda ash operations, but these were divested in 1991.

# Further disposals foreseen this year

By Daniel Green

ICI's sale of its last coke business yesterday is only the latest disposal in a series that has been running for several years and promises to continue through 1994.

The company is in the process of concentrating on fewer businesses. It wants to be active only in areas where it is a world leader and has global markets.

This leaves a number of activities for which it is either negotiating a sale or looking for a buyer. They include:

- Polypropylene, which BASF of Germany is negotiating to buy. With annual sales of more than £100m, ICI could be hoping for something approaching that sum in payment. But the sector is dogged by overcapacity and talks with BASF have dragged on for a year. This week the German company said the talks were now in their "final stage".
- Polypropylene film is a slightly smaller business that turns the raw plastic into the likes of crisp packets and cigarette packet wrapping. Without the polypropylene business to supply it, it could be a candidate for disposal.
- Fertilisers, part of chemicals and polymers, could not be sold to Kemira, the Finnish state-owned company, in 1991 when the Monopolies and Mergers Commission judged that, among other things, the sale was tantamount to nationalisation. The business has since shrunk as it has been buffeted by falling demand from European farmers conforming to Community Agricultural Policy. The Indian fertiliser business was sold last month for about £25m.
- Advanced materials is also a non-core business, and most of it has been sold or closed. What remains is the Arizona-based Fiberite which supplies parts to the US aerospace industry. Disposal talks were revealed last year, although no buyer was named.
- Petrochemicals was, a decade ago, the company's biggest single division. Now it is focused on just a handful of activities of which non-core areas include production of ethylene and its derivatives.
- ICI Australia, 63 per cent owned by the parent company, has ploughed an independent furrow for many years. The result is that the shape of the business is very different from that controlled from the UK. Last year a reorganisation put the whole of ICI's Asian businesses under Australian command and the pressure is on to clarify which industrial strategy it is following.

ICI confirmed yesterday that a string of disposals was planned for later this year, although it declined to specify which businesses would go.

## NEWS DIGEST

### Finelist sees £2.3m for the year

Finelist, the automotive parts distributor coming to the market later this month, yesterday forecast pre-tax profits of at least £2.3m for the year to June 30.

The company is expected to be floated in the last week of the month by way of a placing to raise between £5m and £6m of new money.

Finelist, which will have a market value of £20m, has 73 outlets, including 25 franchises, trading principally under the Autela name.

It hopes to expand its network to 120 sites during the next few years.

BZW is acting as broker to the flotation, which is being sponsored by NatWest Markets Corporate Finance.

### County Smaller considers share issue

County Smaller Companies Investment Trust is considering raising its capital through an issue of C shares. Any issue will be designed to avoid dilution to the assets attributable to existing shareholders.

### Lazard High Income net assets rise

For the first five months of its life, to December 31, Lazard High Income Trust achieved after-tax revenue of £725,000, equal to earnings of 3.19p per share. Net asset per share at the period-end stood at 105.35p. At end-January that figure had improved to 122p.

Directors said income generated to date was running ahead of the level required to meet the dividend forecast made at the time of the launch. A first interim of 1.6p was paid in January.

### Hong Kong Inv Tst net assets leap

The Hong Kong Investment Trust reported a net asset value of 109.3p per share as at December 31.

The figure represented a substantial advance on values of 60.6p at the trust's year-end in June and 44.4p at the end of 1992.

Net revenue was flat at £178,996 (£179,406) for earnings of 0.89p (0.9p) per share. The interim dividend is maintained at 0.75p.

### TR City net asset value advances

The first half to December 31 at TR City of London Trust ended with net asset value per share up 27 per cent from 125.69p to 159.39p.

Retained revenue came to £103,000, compared with a £705,000 deficit previously.

As already announced, the second interim payment of 1.23p brings the dividend for the year so far to 2.46p (2.38p). Earnings per share amounted to 2.51p (2.01p).

# Texan stands up to challenge of making oil float

**Peggy Hollinger** on a US company seeking £18m through a listing

Mr Eugene Fiedorek is either a masochist or a missionary. In each of his encounters with institutional investors in recent weeks, he and his colleagues have faced a barrage of hostile questions over their motives for floating a US-based company in the UK. Yet he still comes back for more.

Mr Fiedorek, a silver-haired 62-year-old Texan, is the man behind Energy Capital Investment Company, which is raising an estimated £18m through an institutional placing.

The company, designed to be wound up in eight years if shareholders approve, has been set up to meet the demand for financing of smaller independent oil and gas producers in the US.

The argument is that smaller producers are missing out on a $10bn (£6.6bn) bonanza as the leading oil companies abandon uneconomic production in the US.

Smaller operators, with their lower overheads and greater flexibility, are better placed to squeeze production out of the properties.

However, banks will rarely lend more than 65 per cent of the value of proven producing reserves, leaving the operator unable to exploit the potential of proven but undeveloped reserves.

Since 1988, Mr Fiedorek and four colleagues – all former executives of the RepublicBank in Texas – have been providing debt and equity finance for the oil and gas sector through EnCap, their US fund management vehicle. They boast a track record of assisted financings totalling $1.6bn.

However, so far they have managed to raise the funds directly from investors, without recourse to a public market.

The decision to go after a listing in the UK – to broaden the investor base, according to EnCap - has been greeted with some trepidation by gun-shy institutions. Many have had their fingers burned by the raft of small US-based explorers, floated during the so-called gas bubble of the mid-1980s, which never lived up to expectations.

ECIC and its advisers argue that such concern is misplaced in this case. Flotation, they say, is the appropriate route, given the UK investment climate.

The partnership method employed by EnCap with US investors is not attractive to UK institutions who would have to file tax returns in two countries. Partnerships are also exempt from tax in the US and not here. Finally, investors such as insurance companies would have to write off the total value of investments in non-quoted vehicles.

Gary Petersen (left) and Eugene Fiedorek boast track record of assisted financings totalling $1.6bn

Mr Fiedorek is not perturbed by the cynics, even though ECIC has had to look abroad for about half the funds needed in the absence of a rush from UK investors.

He insists that ECIC has a welter of checks which will help to balance the risk of investing in oil and gas.

First, ECIC has sought to bolster its nine-strong board with names such as Sir Peter Cazalet, former deputy chairman of British Petroleum and Mr Peter Tudball, chairman of the Baltic Exchange.

The company also intends to avoid exploration and fund only those projects supported by proven, although possibly undeveloped, reserves.

Financing will be through debt, equity or a combination of both, and each project will have to offer a pre-tax return of 20 per cent, ECIC says. Repayment of the earliest investments will also allow ECIC to recycle some of the funds into new projects. Independent surveys will be made of proposed investments by institutionally approved engineers.

All investments will also be made alongside a $30.5m partnership in the US, which includes Lincoln National Life Insurance, one of the largest life companies in the US, and EnCap.

The projects will be presented to ECIC by EnCap, which will monitor each investment on a quarterly basis. In return EnCap will receive an annual management fee equal to 1 per cent of the company's net asset value. At the end of the company's life, or in 2001, EnCap will be entitled to 25 per cent of the increase in the net asset value, after allowing for an 8 per cent annual rate of return.

Management fees totalling 0.8 per cent of net asset value will also be payable to ECIC's sponsors, the US corporate finance boutique, Rauscher Pierce & Clark, and its corporate manager Abtrust, a subsidiary of Aberdeen Trust.

While some observers have suggested that the number of parties benefiting from the fee structure may be somewhat high, "if they can fulfil their promises ... who says they shouldn't get paid?" said one analyst.

At the end of the day, even ECIC with all of its checks and balances cannot escape the speculative nature of oil and gas investment.

The prospectus is expected to detail a number of dangers, from government regulation and price volatility to simply drilling a dry hole. There is also the significant currency risk to UK investors.

"The risk profile of oil and gas suggests to me that they cannot get all the investments right," said one cautious analyst in London. "It means the ones they do get right will have to go even better to fulfil their promises to investors."

# Utd Newspapers expands in Asia

By David Blackwell

United Newspapers, publisher of the Daily and Sunday Express, yesterday acquired a Hong Kong trade fair group as part of its strategy of expanding in east Asia.

Earlier this week United announced a further push into the US advertising periodicals business with the $100m (£67m) acquisition of Harmon Publishing Company.

United is paying an initial $35m cash for Hong Kong International Trade Fair Group. A further $9m is payable if exhibition income beats certain targets this year and in 1995.

Mr Graham Wilson, managing director of United, said the industrial logic of the deal was very strong. The group, the third biggest exhibition organiser in the US, would be moving into the heart of the growing Asean market.

United also announced that it had acquired the 58 per cent of shares in Asian Business Press that it did not already own. It has held a 42 per cent stake since 1974.

Mr Wilson said the two businesses would work closely together to exploit joint opportunities in the region. United as a group would put increasing emphasis "on developing titles and activities in markets which have a worldwide reach."

HKITF owns seven exhibitions serving the leather, shipping, cosmetics, tanker and cruise markets. In the year to end-December it made pre-tax profits of $2.74m on revenues of $9.78m.

No figure has been given for the purchase of ABP shares, although Mr Wilson said it was less than a quarter of the price paid for HKTIF.

ABP publishes controlled circulation business magazines in the travel, aerospace, computing and broadcasting markets, as well as tourist guides.

Last year when it launched a £190m cash call, United said that several opportunities for expanding existing publishing and exhibition interests were being "actively pursued in the US and Far East".

# Lower provisions leave Britannia BS at £81m

By Alison Smith

A fall in provisions for bad debts by Britannia Building Society, the UK's ninth largest society, was behind a 32 per cent rise in pre-tax profits from £66.7m to £80.8m for the year to end-December. Capital and interest provisions were cut from £72.1m to £57.3m.

Profits from Britannia Life, the life assurance and investment subsidiary, rose by only £700 000 to £15.1m, despite the increase in sales of investment products, such as unit trusts, in the market generally.

Mr John Heaps, chief executive, said the strong performance showed that it could operate effectively despite the limited signs of improvement in the housing market.

Its performance on arrears and possessions had shown a marked improvement, he added, and the situation could be expected to improve further with low interest rates and stable house prices.

He highlighted Britannia's strategy of widening its distribution channels, following a programme of some branch closures and head office redundancies in 1992.

Mr Heaps said that the size of Britannia Life's profits had been affected by actuarial calculations taking into account factors such as a fall in long-term interest rates and a discount based on the mix of people in the life fund.

Group assets at December 31 were £12.9bn (£10.4bn) and retail balances rose by 6 per cent to £7.3bn (£6.9bn).

Total mortgage lending rose by 25 per cent to £1.4bn (£1.1bn).

Administrative costs remained steady, and the cost to income ratio, fell to 45.9 per cent (47.1 per cent).

# Cluff shares up 25% on Ghana mine finance deal

By Kenneth Gooding, Mining Correspondent

Shares in Cluff Resources rose 25 per cent to 50½p yesterday after the London-based company announced that it had arranged finance for a gold mine to produce between 20,000 and 30,000 troy ounces a year in Ghana.

Mr Algy Cluff, chairman, said the project, when in full production at the end of this year, would boost the company's annual gold output to 125,000 ounces, and take it into another emerging market in Africa. Current production amounts to between 60,000 and 75,000 ounces from its Zimbabwe mine.

Cluff estimates it will cost $6.8m (£4.53m) for the open pit mine and heap leach operation at Ayanfuri, west of Dunkwa in central Ghana. Cluff will own 75 per cent of the operating company and the Ghana government 10 per cent.

A 17,300-ounce gold loan has been arranged in London by Barclays Precious Metals, bearing interest of about 5.5 per cent and repayable over three years.

To minimise its exposure to the gold price, Cluff has put a three-year hedging programme in place, involving 61,000 ounces of gold with an initial floor price of $390 an ounce. Cluff says its total costs at Ayanfuri are forecast to be $264 an ounce.

Proven reserves at Ayanfuri are 286,500 ounces, giving a mine life of 10 years, while the underlying sulphide ores have indicated resources of 288,300 ounces.

# CFS commands sharp premium

Shares in Computerised Financial Solutions, which provides specialised computer support and administrative services to financial institutions and manufacturers, closed at 125p yesterday, its first day of trading, having risen as high as 128p.

Shares in the USM-quoted company were placed at 90p.

# Upton & Southern acquires Reject Shop

By Chris Tighe

Reject Shop, the USM-quoted furniture and household goods retailer which has suffered mounting losses through the recession, is to be acquired for £2.5m by Upton & Southern Holdings, the Middlesbrough-based department store group revitalised by new management.

Mr Jeffrey Gould, Upton's chief executive, said Reject Shop, heavily focused on south-east England and the recession-prone 18-35 year old first time housebuyer, had erred by trying to move upmarket.

Upton planned to reduce prices and rationalise the product range, turning Reject Shop into a town centre rival to Ikea. "The idea is to be very competitive," he said.

The enlarged group will have a market capitalisation of about £13m, annual turnover of £35m and 36 stores, including the 31-store Reject Shop chain. Upton's value before the purchase was £5.37m. Reject Shop will be Upton's core business.

The offer consists of three 5p Upton shares for every five Reject Shop shares valuing them at 22.4p, a discount of about 60 per cent on Wednesday's close. There is a partial cash alternative.

In addition, four Upton shares are offered for every three Reject Shop £1 preference shares, valuing them at 49.7p for a total of about £179,000. Reject Shop's ordinary shares lost 21p to close at 38p, while Upton rose 1p to 6p.

Upton has received irrevocable undertakings from holders of 83.1 per cent of the ordinary shares and 92.5 per cent of the preference. Most of these shares are held by Reject's founders and co-chairmen, Mr Anthony Hawser and his ex-wife, Mrs Anna Vinton.

To fund the buy Upton is raising a net £4.5m through a 4-for-30 rights issue of up to 17.3m 5p shares at 30p each. There is also a share consolidation of 10 0.5p shares into one 5p share. The issue is underwritten by Townsley & Co.

Founded in 1973, Reject Shop initially sold seconds, but later moved into discounted perfect stock. The name will be retained, at least initially, although one London store will become a renamed pilot unit.

Trevor Humphries

Jeffery Gould: it had been a struggle to complete the deal

Mr Gould said Reject Shop was top heavy in management. A hard view would be taken of the business's costs. Upton has been looking at Reject since July but it had been a struggle to complete the deal. "The level of price we have agreed in my opinion reflects the value of the business. In their opinion it doesn't."

Mr Jim Hodkinson, the former international development director at Kingfisher and former B&Q deputy chairman and chief executive, will remain Upton's chairman. Mrs Vinton has been offered a non-executive directorship, and Mr Geoffrey Frost, Reject's managing director, will become executive director. Mr Ian Steven, at present a non-executive director of Upton, will become finance director.

Mr Hawser will no longer be involved in the business he built into a national name. "It's a sadness and an opportunity," he said. He had been impressed by Mr Gould and thought he would do a good job. He will now pursue his boat building interests. "I don't see myself competing with Jeffrey and Ian, they would eat me alive."

Reject Shop's results for the 28 weeks to October 3, announced yesterday, showed a higher pre-tax loss of £2.39m (£884,000) on turnover of £10.3m (£9.13m).

Losses per share were 17.29p (6.01p) and the interim dividend is passed after a payment of 0.5p last time.

# S&N picks Germany for next Center Parcs village

By Gerard Baker

Scottish & Newcastle, the brewing and leisure group, yesterday confirmed that Center Parcs, its rapidly-expanding leisure specialist company, is to build its first complex in Germany.

The £80m village in Bispingen, south of Hamburg, will be operational next year.

It will be the company's 15th domed holiday complex and will cater for 300,000 visitors a year. The third UK Center Parcs site at Longleat in Wiltshire opens this summer.

S&N acquired Center Parcs from its Dutch owners in 1989 and it quickly became the group's star performer. Last year, it continued to defy the continental recession with more than 3m visitors to its year-round sites in the Netherlands, Belgium, UK and France. Occupancy rates were more than 90 per cent.

S&N's leisure division, the bulk of whose business is accounted for by Center Parcs, raised operating profits by 9 per cent to £42.4m in the six months to end-October. Turnover was also 9 per cent higher at £185.3m.

Mr Jim Merrington, S&N's director of corporate affairs, said last year more than 400,000 German holidaymakers visited Center Parcs throughout Europe.

S&N is expected to build a second German site in the next few years.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Hong Kong Inv ......int | 0.75 | Mar 12 | 0.75 | - | 1.75 |
| News Intl ......int | 0.72 | Apr 29 | 0.701 | - | 1.369 |
| Reject Shop § ......int | nil | - | 0.5 | - | 1.5 |

Dividends shown pence per share net except where otherwise stated. §USM stock.

# UBS quits as broker to Proteus

By David Wighton

UBS has resigned as joint broker to Proteus International, the computer-aided drug designer, after disagreements over the speed with which its products could reach the market.

UBS, which was appointed in October, believed Proteus was being too optimistic about the time required to complete clinical trials and obtain regulatory approval.

Proteus shares lost 31p to 394p yesterday, for a fall of 61p in the past week.

Proteus appointed UBS in the hope of widening its institutional shareholder base before the end of this year, when it will need to raise more money. But Mr Kevin Gilmore, executive chairman, denied that UBS's resignation was a serious blow to its funding plans.

Allied Provincial, which floated Proteus at 87p a share in 1990, will continue as its *broker and financial adviser.*

# Receivers called in at Ryan Group subsidiary

By Tim Burt

Ryan Group, one of Britain's largest private mining companies, yesterday said it was calling in the receivers at its Belgian subsidiary following a bitter dispute with its main customer.

The group claimed that Ryan Europe had been forced out of business by Electrabel, the national power company which last October cut the price it paid for coal by 30 per cent.

Earlier this week, anger at the company's imminent collapse spilled over at its Charleroi plant when workers barricaded three managers and a company lawyer in their offices, preventing them from attending a receivership court hearing.

Up to half the 75-strong workforce are thought to have taken part in the action, during which they warned that the executives would not be released until their January wages were paid.

The confrontation was defused last night when the company gave assurances that all salaried staff would receive outstanding wage cheques.

Mr David Peek, group finance director, said the managers would today attend a court hearing to ask for a receiver to be appointed.

# Venezuelan buy for Unilever

Unilever, the Anglo-Dutch food and consumer products group, is extending its position as the world's leading ice-cream producer with the acquisition of Helados Tio Rico in Venezuela from the privately owned Cisneros Group.

The consideration is undisclosed.

Helados Tio Rico, based in Caracas, employs 780 people and has annual turnover of $28m (£18.6m). The Tio Rico brand is market leader in the *impulse ice-cream sector.*



Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Price for Trading on 04.02.94: Pool purchase price £/MWh | Final Prices for Trading on 27.01.94: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 17.25 | 18.20 | 18.20 |
| 0100 | 19.83 | 25.52 | 27.31 |
| 0130 | 19.83 | 25.52 | 27.31 |
| 0200 | 19.83 | 25.52 | 27.31 |
| 0230 | 19.83 | 25.52 | 27.31 |
| 0300 | 19.83 | 25.52 | 27.31 |
| 0330 | 17.31 | 25.52 | 27.31 |
| 0400 | 17.28 | 25.52 | 27.31 |
| 0430 | 17.24 | 22.82 | 24.71 |
| 0500 | 17.19 | 22.82 | 24.71 |
| 0530 | 17.19 | 22.82 | 24.60 |
| 0600 | 17.19 | 22.82 | 24.60 |
| 0630 | 17.22 | 22.74 | 24.52 |
| 0700 | 18.71 | 23.19 | 24.97 |
| 0730 | 20.51 | 23.82 | 25.60 |
| 0800 | 20.76 | 24.55 | 26.33 |
| 0830 | 20.78 | 28.04 | 29.83 |
| 0900 | 25.16 | 28.05 | 29.83 |
| 0930 | 25.17 | 28.05 | 29.83 |
| 1000 | 25.17 | 28.05 | 29.83 |
| 1030 | 25.17 | 28.05 | 29.83 |
| 1100 | 21.37 | 28.05 | 29.83 |
| 1130 | 21.36 | 28.05 | 29.83 |
| 1200 | 21.36 | 28.05 | 29.83 |
| 1230 | 21.36 | 28.04 | 29.83 |
| 1300 | 21.36 | 24.54 | 26.33 |
| 1330 | 17.43 | 24.06 | 25.84 |
| 1400 | 17.41 | 23.82 | 25.60 |
| 1430 | 17.38 | 23.57 | 25.35 |
| 1500 | 17.37 | 23.57 | 25.35 |
| 1530 | 17.36 | 23.57 | 25.35 |
| 1600 | 17.29 | 23.57 | 25.35 |
| 1630 | 17.38 | 25.47 | 27.31 |
| 1700 | 17.48 | 38.98 | 38.90 |
| 1730 | 24.03 | 42.55 | 44.47 |
| 1800 | 24.09 | 42.43 | 44.32 |
| 1830 | 24.04 | 28.91 | 30.72 |
| 1900 | 23.88 | 28.82 | 30.61 |
| 1930 | 23.61 | 26.59 | 28.37 |
| 2000 | 23.58 | 25.68 | 27.46 |
| 2030 | 20.50 | 24.68 | 26.46 |
| 2100 | 20.38 | 23.56 | 25.34 |
| 2130 | 20.38 | 23.56 | 25.34 |
| 2200 | 20.38 | 23.56 | 25.34 |
| 2230 | 17.20 | 23.56 | 25.34 |
| 2300 | 17.18 | 18.13 | 18.13 |
| 2330 | 16.30 | 18.05 | 18.05 |
| 2400 | 16.25 | 18.04 | 18.04 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt hour the decimal point should be moved one place to the left, eg £18.66/MWh becomes 1.866p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456780 between 8:30am and 5.15pm Monday to Friday.
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# Adding some fizz to its investments

**David Blackwell** takes an in-depth look at the aims and aspirations of Rutland Trust

Interests in sticky labels and fizzy drinks make Rutland Trust, now listed under Other Financial, difficult to classify.

Mr Michael Langdon, chief executive, believes the sale of part of Ben Shaws, its Yorkshire soft drinks company, to Canada's Cott Corporation is a classic illustration of what Rutland is aiming to do. However, events have moved much faster than expected.

It was only last August when Rutland paid £5.7m for 84 per cent of Ben Shaws, an old family company that had overstretched itself. Under the deal, announced on Monday, Cott is paying an initial £6m for 51 per cent of the Ben Shaws Pontefract canning line operation, the UK's largest independent canning line.

The other half of the Ben Shaws business in Huddersfield, which concentrates on the local returnable soft drinks market and spring water production, will continue to be developed by Rutland. It has just won an order from J Sainsbury for own-label water.

The rapid sale of part of Ben Shaws is in direct contrast to Rutland's cautious approach before buying the business. It was talking with Ben Shaws from the end of 1992 before finally making the acquisition.

"We have a very long gestation period," says Mr Langdon at the company's Knightsbridge headquarters.

Rutland never buys 100 per cent of a company – but never less than 75 per cent. This allows the former management to have a share of the company, giving them an incentive to perform well.

"It's a partnership. We keep the distinction between operating management and financial and strategic management."

Since August, Rutland has been implementing new financial and operational controls at Ben Shaws. The group insists on strict financial reporting, demanding a full management report five working days after the end of each month.

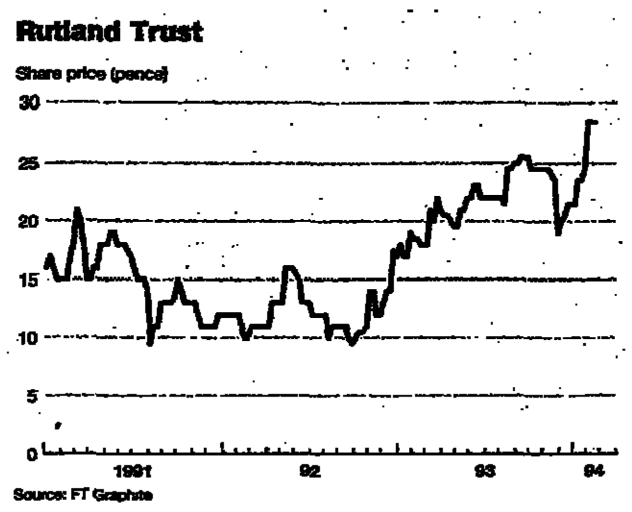
Michael Langdon: 'we are hands-on investors'

The group has also made good use of Mr Langdon's supermarket group contacts, winning orders for canned drinks from J Sainsbury, Tesco and Safeway.

In spite of the short time scale, several companies had already offered to buy Ben Shaws before Cott came on the scene, according to Mr Langdon.

But Rutland's aim is always to add value to an acquisition, and a straight sale was not on the cards. The deal with Cott fits neatly with that aim.

Rutland will continue to own 49 per cent of the canning line, which had a turnover of £40m for the 11 months to end-December, for a year. Then Cott has the right to buy a further 31.5 per cent for a minimum of £5m and a maximum of £7.5m, depending on 1994 earnings. Rutland will retain 17.5 per cent.




Source: FT Graphite

Cott can add value where Rutland cannot, says Mr Langdon, who is chairman of Ben Shaws and will be joining the board of Cott in the UK. Its expertise is in recipes, marketing and branding skills, and it will set up a management team of soft drink experts that can develop it faster and quicker than Rutland could on its own.

In North America, Cott has sprung from nowhere to create what it terms a "retailer branded beverage business." It supplies supermarket chains such as Wal-Mart with own-label colas. Profits at the nine-month stage to end-October last year were more than doubled to C$26.2m (£13.2m) on turnover also more than doubled at C$502m.

Last week Cott entered the European market through a five-year agreement with Cadbury Schweppes under which Cadbury bottling plants will produce drinks for a newly-formed Cott arm in Europe.

Mr Simon Lester, president of Cott Europe, said Ben Shaws had proved the ideal candidate for his company's plans to enter the UK market. It would keep the existing business, generating 500m cans a year, and start to develop branded colas for UK retailers. The line has capacity to produce an additional 500m cans a year.

Rutland has been so closely involved with Ben Shaws partly because Capital Industries, its 43 per cent owned industrial associate, had its hands full with Samuel Jones, the sticky label manufacturer acquired with Rutland's support in 1992.

Last November Capital downgraded its profits forecast following trouble with some new machinery at Samuel Jones, now solved. Nevertheless, the acquisition of Samuel Jones has transformed Capital, which was spun off in 1991 at £10m. It now has a market capitalisation of £43m, giving Rutland an unrealised profit of about £10m.

Rutland was formed when Mr Langdon left Price Waterhouse in 1986, and has since grown to a market capitalisation of £70m.

It will continue to concentrate on its financial and business services, including Ellis & Buckle, 90 per cent-owned and now the UK's fourth biggest loss adjuster, and Hunter & Partners, a 77 per cent-owned architectural and building surveying practice.

At the halfway stage last year, pre-tax profits edged ahead from £3.5m to £3.6m, held back by Leasecontracts, the asset financing division which is involved in vehicle contract hire.

The City is looking for about £7.5m pre-tax for the year to December, and was looking for just over £9m this year before news of the Ben Shaws disposal.

Some market observers see Rutland as a hybrid, with no clear focus. "The question has to be asked if it would not work better as a private company," one analyst said.

But Mr Langdon, who describes himself and his right hand man, Mr Christopher Dowling, as "boring prudent accountants", is quite clear on the group's aims.

"When someone says to me: What is the core of Rutland Trust? I say we are hands on investors in businesses where we can see that we can add a value.

"But if someone is willing to pay more for a company than we think it's worth to us, and the management is in agreement, then we will sell it," he explains.

He points out that the group sees many companies through its corporate finance division. "If we can add no value we work for a fee like any corporate finance house."

"Ultimately our long-term aspiration is to maximise over periods of time the value of Rutland itself."

# Try shares slip after trading statement

By Gary Evans

Shares in Try Group, the contractor and housebuilder, yesterday fell 2p to 34p, after the company issued a trading statement warning of a break-even position at the operating level, exceptional charges of over £1m and no final dividend.

The statement was made in response to a sharp rise in the share price, which yesterday reached as high as 41p. At the beginning of the year, Try's shares stood at 28p.

The group's full-year results are due in mid-March. In 1992, pre-tax profits grew 43 per cent to £1.38m, while net attributable losses came out at £1.93m (£3m) after provisions of £2.85m (£3.23m) in respect of a move out of commercial and industrial property.

Try said yesterday that its contracting and plant hire operations had traded profitably in the year, but "continued recessionary influences" had resulted in a further loss from housebuilding.

Certain actions had been taken to improve future profitability, which had resulted in exceptional charges.

First, the group had secured its release – at a cost of £750,000 – from a rental guarantee relating to a property sold in 1990, which would otherwise have resulted in a continuing operating charge of about £300,000 a year. In addition, Try had incurred a restructuring charge of some £300,000 in respect of further rationalisation.

Explaining its decision to omit the dividend, Try said that it had deemed it appropriate to recognise the accumulated deficit in its housebuilding division on the parent company balance sheet.

The effect of this adjustment will be to eliminate the distributable reserves of the parent company and as a result, no final will be paid.

Last year, the total dividend was cut from 6p to 1p with a 0.5p final. At the interim stage in September, the payment was held at 0.5p, although pre-tax profits declined from £380,000 to £68,000.

# Coda heads for market with £62m price tag

By Alan Cane

Coda is coming to the main market through a placing at 235p a share, valuing the North Yorkshire-based computer software company at £61.7m.

US investors are taking a strong interest in the company, which derived almost half of its £23.5m revenues last year from the North American market.

SG Warburg Securities, which is handling the placing, said there would be 26.24m shares in issue following the placing – 8.2m were being placed on behalf of existing shareholders and 2.45m on behalf of Coda.

Dealings are expected to start on February 9.

General Atlantic Partners, a US private investment group which specialises in the computing services industry, is spending £6.16m to acquire 10 per cent of the shares. A further 250,000 shares have been reserved for placement with institutional investors in the US.

The p/e is 24.5 at the placing price, with a gross dividend yield of 1.1 per cent.

The net amount raised, after expenses, will be £5m which Coda intends to use to develop further its range of international accounting software and to expand geographically.

Competitors include SAP, the fast-growing German company, which this week reported a 15 per cent surge in net profits for 1993, indicating a buoyant market for large scale accountancy software.

# GM Firth halves deficit and calls for £3.6m

By John Murrell

GM Firth (Holdings), the steel group, halved its losses to £756,000 pre-tax for the half year to end-September.

Some £349,000 of the deficit related to exceptional provisions and £48,000 to discontinued activities.

The group's future is largely dependent on a sustained return to profit by Spartan Redheugh, its steelmaking subsidiary. However, trading during the period had been difficult with steel markets remaining relatively depressed.

Turnover of continuing operations fell from £9.47m to £6.48m. Losses per share emerged at 2.29p (4.46p).

In order to finance additional working capital and reduce debt the group is calling for £3.6m via an underwritten rights issue of 33m new shares on a 1-for-1 basis at 12p. Bank borrowings currently stand at £5.6m and revised banking facilities have been agreed.

On receipt of the issue proceeds, Mr Michael Wilkinson, chairman and chief executive, and Mr Howard Wilkinson and Mr Dennis Hill will retire as directors.

The terms of their retirement provide for the placing at 12p each of 1m of the 7m ordinary shares currently held by Wilkinson Holdings, the placing of all 7.5m of Wilkinson Holdings' and Mr Howard Wilkinson's rights to new ordinary shares without consideration and the issue of warrants to Wilkinson Holdings and Mr Howard Wilkinson.

Following the management changes, Sir Alan Thomas will become executive chairman of Firth and 600,000 of Wilkinson Holdings' rights to new ordinary shares will be placed with Bedworth, a company wholly owned by the Sir Alan Thomas Trust.

The trust will also have the option to subscribe for up to 9.45m ordinary shares at 10p per share which, if exercised in full and added together with the 600,000 new shares, would give the trust a 12.69 per cent interest in Firth.

Firth shares closed 5½p higher at 28½p.

# Creston acquires property portfolio for £3.4m

Creston Land & Estates, the property concern, has agreed to acquire a portfolio of property for £3.4m from TR Property Investment Trust.

The consideration is to be satisfied by the issue of 8.66m new shares, a £1.5m placing of loan stock and £1.07m in cash. One TR subsidiary will subscribe in cash for 4m new shares and £475,265 of loan stock, while the remaining £1.03m of loan stock will go to other TR subsidiaries.

The loan stock will carry a coupon of 6 per cent and will be convertible into shares at 17½p each.

As well as the loan stock issue directors also propose to raise £1.5m, before expenses, by way of a rights issue of 10m shares at 15p each. These will be allotted on the basis of 13 for every 79 shares and/or warrants held.

Directors pointed out that the current net rental income from the properties to be acquired – in Stevenage, Gillingham and Edgware – totals some £380,000 a year.

Progress on letting vacant areas is being made at both Telford and Clydebank and recent investments in new plant and machinery should assist in achieving "improved operating results."



هكذا من الأصل

## COMMODITIES AND AGRICULTURE

# Brussels rapped over farm fraud

By Deborah Hargreaves

The European Court of Auditors, the European Union's main financial watchdog, has criticised the European Commission and member countries for allowing widespread fraud in its Ecu30bn (£23.6bn) farm budget.

The complexity of EU farm policies encourage abuse particularly in subsidising exports of surplus farm products which accounts for a third of the budget, the auditors' report said.

The report stated that member countries and the Commission had adopted a "somewhat minimal approach to monitoring and combating agricultural fraud". The auditors accused the countries of having no central monitoring of companies involved in agricultural trade.

Although a limited number of companies operating in several member countries received the lion's share of export subsidies, there was no cross-border co-ordination of the findings of investigations.

The court found that, out of seven countries surveyed, checks were only regularly carried out in two to ensure that export subsidies were not being wrongly applied.

The inadequacy of systems for monitoring fraud had meant that the commission was extremely slow to recover funds which had been wrongly allocated, the report found. The auditors pointed to 5,775 cases of fraud and irregularities over the 1972 to 1991 period involving Ecu725m, of which only 77m had been recovered.

The court called for a system to assess the risk of fraud by product, value and activities of the company concerned. It said member countries should co-operate more in monitoring multinational companies.

# Coffee responds belatedly to Brazilian export move

By Deborah Hargreaves

The May coffee futures price rose by $16 at the London Commodity Exchange yesterday to $1,179 a tonne in a belated response to Wednesday's news that the Brazilian government would hand over the management of the coffee retention scheme to the private sector.

The move was encouraged by rumours of heavy buying by a big European roaster.

Traders were sceptical that the exporting companies would be able to run the retention scheme more efficiently than the government, but also pushed prices higher in the expectation that changes in its operation would tie up some coffee stocks for several weeks.

When the coffee retention scheme, which involves withholding 20 per cent of exports from the market, began in October the Brazilian government said it would organise the stockpile for 6 months. The only surprise in Wednesday's announcement was that it came at the beginning of February rather than early March.

The government had problems keeping 20 per cent of supplies back, but traders doubted the private sector, which is subject to commercial rather than political pressures, would manage any better.

While the retention scheme has succeeded in underpinning prices, sharp falls in production in Colombia and a downturn in Mexican output are expected to drive prices higher in the next few months.

● This week's International Coffee Organisation meeting in London agreed to retain the organisation as an administrative body conducting studies and surveys. The decision follows the failure of the ICO to agree on price stabilisation measures and the US decision to leave the body last year.

# French move fails to appease fishermen

By David Buchan in Paris

The French government yesterday stepped up checks on fish imports from outside the European Union, in a further effort to appease Breton fishermen who none the less carried their violent protest to the Channel.

After invading the main Paris fish market in clash that injured 17 policemen, the protesting fisherman blocked ferry traffic at Calais and destroyed some Scottish mackerel at Cherbourg.

The European Commission said yesterday it was studying France's demand that Brussels reinstate minimum prices for seven species of fish, including salmon. The new French customs checks will be carried out on imports of non-EU fish, of which Norwegian salmon is the main problem, according to the French agriculture ministry.

But Mrs Gillian Shephard, the UK agriculture and fishing minister, yesterday protested to her French counterpart, Mr Jean Puech, about the "unacceptable behaviour" of the French fishermen. She welcomed the latter's offer to compensate British fisherman for any losses, but said: "I find it incredible that such arrangements should be necessary to protect lawful trade between members of the European Union".

Mr Edouard Balladur, the French prime minister, is expected to be greeted with further protests today when he visits the Breton capital of Rennes.

The government had earlier sought to placate the fisherman by announcing on Wednesday night special aid of FFr300m (£34m) for the region's hard-hit fishing industry, half of it in the form of subsidised loans and the rest, including FFr27m, to take some of the surplus fish off the market.

# US cut announced as aluminium hits fresh peak

By Kenneth Gooding, Mining Correspondent

Alumax yesterday became the second US aluminium producer to announce output cuts following the unprecedented international trade deal reached at the weekend by some of the world's big aluminium-producing countries.

It did so as the price of aluminium for delivery in three months reached a fresh 16-month peak on the London Metal Exchange, moving up another $26.25 a tonne to close at $1,302.75. The prospect of the international deal, which aims to cut global output of the metal by at least 1.5m tonnes to bring the market back into balance, has lifted aluminium's price by nearly 15 per cent since the begining of 1994.

Alumax will cut annual output by an additional 40,000 tonnes by the end of March. With curtailments already made, this brings its total to cut 146,000 tonnes a year. It did not say where the latest cuts would be made.

Immediately after the weekend trade deal, Southwire said it would cut 10 per cent from production at its 170,000-tonnes-a-year Hawesville smelter in Kentucky. The market is also expecting announcements from Hoogovens of the Netherlands and Norsk Hydro of Norway, which have both indicated they would be willing to make more cuts.

Mr William Adams, analyst with the Rudolf Wolff commodities group, said in a special paper on the outlook for copper and aluminium that "on balance, it seems that cuts will be made and that in the long term aluminium prices will edge higher". He added: "Uncertainty in the market is likely to keep prices underpinned but the market will remain vulnerable to disappointed sell-offs should the western producers delay cuts".

● Chile Copper Corporation, which has reported losses of about $200m on "irregular" futures trading, was a big user of the LME but its activities were very small compared with the market as a whole, said Mr David King, the exchange's chief executive, reports Reuter. He said daily LME volume was over $3bn and "while Codelco's activities are very important and significant to us in relation to liquidity and depth of the market, they are not so significant (a) that they would cause a problem to the market or (b) that they would cause financial problems overall to LME members".

# Yemen's 'secrets' continue to elude oilmen

## Explorers remain hopeful, though new finds are getting smaller, writes Eric Watkins

Mr Bernard Isautier, President of Canadian Occidental Petroleum, remains sanguine about Yemen's oil industry despite a general decrease in the size of new discoveries and increasing costs of further exploration. He insists that much potential remains in Yemen, while acknowledging that more information is needed before "the secrets" of the region can be disclosed.

"We are maintaining an active exploration programme in the concession area where we are already producing. There are smaller structures still to be tested and we are actively pursuing these since they are close to our facilities," Mr Isautier said.

With depressed oil prices affecting exploration budgets CanadianOxy is currently placing less emphasis on the possibility of large discoveries in remote areas of its 37,500-square-km concession and more on smaller finds that can be joined economically to its existing facilities.

Located at al-Masila in southern Yemen, CanadianOxy's oil fields and central processing facility are linked by a 138km pipeline extending southwards to export facilities at Ash-Shihr on the Gulf of Aden coast. Since coming on stream in late September 1993 the company has announced recoverable reserves of 546m barrels and has reached an average production rate of 135,000 barrels a day, about a third of Yemen's total output.

Although Mr Isautier doubts that the company's production will increase substantially from existing fields in the coming year he is optimistic about other possible finds in the area.

"There is still upside potential particularly in the fractured basement," he said, referring to the hard rock foundations underlying porous limestone formations where oil is usually found. "We now have one well producing 8,000 barrels a day of natural flow, a higher quality oil, and flowing under very steady, stable pressure. That is indicative of a large well connected area and it's very encouraging," he says.

CanadianOxy is meanwhile trading information with other companies adjacent to its concession area, particularly Clyde, Lasmo, and Nimir, all of which are working to the north and north-east of the al-Masila fields. In the current climate of cost effectiveness, traded data saves on exploration costs and could be especially important for CanadianOxy.

"If those companies make significant discoveries, that would suggest more potential in the eastern portions of our concession," says a company executive.

Based on CanadianOxy's discoveries, oilmen have long suspected a trend running through the region. But confirmation has so far eluded them. Last April, Total announced a find capable of yielding 12,000 b/d to the east of al-Masila and to the north Clyde is currently evaluating results after a recent strike along its concession line with CanadianOxy. But Lasmo is now said to have drilled three dry holes, while Nimir has just begun its drilling programme.

As prospects of large discoveries diminish, oil companies will gradually have to adjust their exploration programmes, gearing their efforts to smaller finds near existing facilities to ensure commerciality. But oilmen insist that even such modest exploration efforts may be uneconomical under present production-sharing agreements with the Yemeni government.

"The government has tended to think in terms of quick large-scale finds and has negotiated contracts accordingly," one says. "That means small finds become commercially unattractive and that, in turn, puts a damper on further exploration."

But there are signs already that the government is adjusting to the new conditions, announcing last month extensions in the exploration agreements of Shell and Clyde. With concession areas ranging from 7,000 to 40,000 sq km, the added time should enable companies to explore larger portions of their territory and to evaluate more carefully the data they gather. CanadianOxy has now been in the country seven years and, as Mr Isautier points out: "We still have a lot of ideas to work on to determine the ultimate potential of our fields".

MARKET REPORT

# Brazilian output reduction underpins continuing tin price rise

News of a sharp cut in production at one of the world's biggest TIN mines underpinned a continuing rise in the metal's price yesterday.

Paranapanema of Brazil said it would produce 6,500-7,000 tonnes of tin in concentrate in 1994, down from 12,955 tonnes last year. That is equivalent to about 3.5 per cent of world demand.

At the London Metal Exchange, where the three months tin price gained another $95 a tonne, taking its rise on the week so far to $285.50, traders said, however, that further substantial cuts would be needed to correct the present oversupply of tin.

The three months COPPER price slipped from an early high of $1,936 a tonne to close $17.50 down on the day at $1,917.75 as nervousness continued about the Codelco situation (see story above).

Further gains for SILVER helped GOLD to resume its uptrend but traders' were divided on whether the move heralded a run-up in prices or would attract profit-taking.

Compiled from Reuter

## COMMODITIES PRICES

### BASE METALS

**LONDON METAL EXCHANGE**

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 1284-84.5 | 1302.5-3.0 |
| [illegible] | [illegible] | [illegible] |

### Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Feb | 387.3 | +2.6 | 387.5 | 384.0 | 1,841 | 923 |
| Mar | 387.9 | +2.6 | 387.3 | 386.0 | 12 | - |
| Apr | 389.1 | +2.6 | 389.4 | 385.9 | 66,449 | 26,565 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Mar | 97.40 | -1.05 | 98.50 | 97.40 | 1,299 | 102 |
| May | 98.20 | -1.20 | 99.30 | 98.20 | 1,655 | 230 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

■ POTATOES LCE (£/tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Mar | 162.5 | -2.5 | - | - | 34 | - |
| Apr | 107.2 | +0.9 | 107.0 | 106.5 | 1,704 | 19 |
| May | 127.2 | +1.8 | 127.5 | 126.5 | 818 | 39 |
| Jun | 130.0 | - | - | - | 2 | - |
| Nov | 85.0 | - | - | - | - | - |
| Mar | 105.0 | - | - | - | - | - |
| Total | | | | | 2,558 | 58 |

■ FREIGHT (BIFFEX) LCE ($10/index point)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Feb | 1165 | - | 1165 | 1151 | 190 | 66 |
| Mar | 1184 | -1 | 1184 | 1170 | 340 | 61 |
| Apr | 1225 | +5 | 1225 | 1210 | 1,119 | 34 |
| Jul | 1097 | +7 | - | - | 199 | - |
| Oct | 1245 | -5 | 1245 | 1245 | 235 | 30 |
| Jan | 1295 | +5 | - | - | 74 | - |
| Total | | | | | 2,162 | 191 |

| | Close | Prev |
|---|---|---|
| BFI | 1189 | 1188 |

**Wool**

Wool prices in Australia and South Africa rose to new peak for this season again this week. The WI market indicator finally ended at 546 cents a kg. which compares with 522 a week before and makes an increase of 10% in two weeks. The rise was concentrated in finer Merinos where twice as much is being paid for some categories as applied in April,1993, the lowest point of wool's recession. British wool prices also rose very sharply this week, with increases of 10% to 15% typical. Pressure here exaggerates wool market strength with offerings at Bradford auctions spasmodic and traders liable to get oversold in times of recession, such as applied some months ago. At one or two of the final Australian sales prices did tend to soften a little but even if a quieter period is imminent the wool market's trend has been firmly established.

### SOFTS

■ COCOA LCE (£/tonne)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Mar | 861 | +7 | 865 | 849 | 31,649 | 2,019 |
| May | 867 | +4 | 873 | 857 | 16,565 | 2,432 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Open int | Vol |
|---|---|---|---|---|---|---|
| Feb | 71.800 | -0.825 | 72.275 | 71.650 | 18,553 | 5,427 |
| Apr | 74.350 | -0.875 | 75.175 | 74.200 | 32,165 | 7,849 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### LONDON TRADED OPTIONS

[illegible]

### LONDON SPOT MARKETS

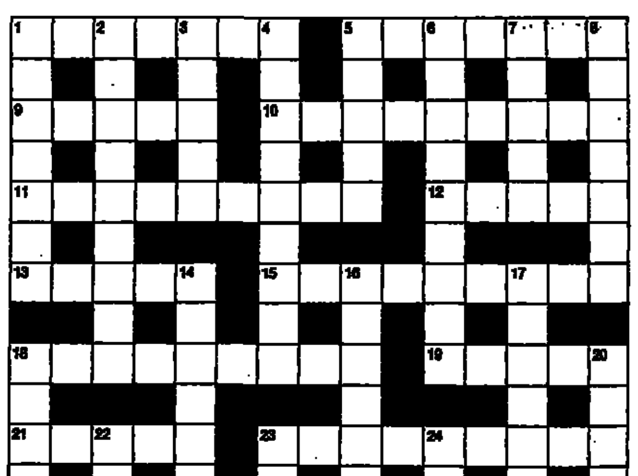
[illegible]

### INDICES

[illegible]

## CROSSWORD

No.8,371 Set by GRIFFIN



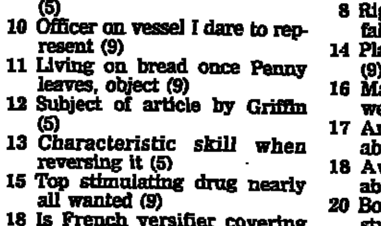
**ACROSS**

1 Skin where Parisian starts scratching is revolting .... (7)
5 .... as it can turn black (7)
9 When not tight is licentious! (5)
10 Officer on vessel I dare to represent (9)
11 Living on bread once Penny leaves, object (9)
12 Subject of article by Griffin (5)
13 Characteristic skill when reversing it (5)
15 Top stimulating drug nearly all wanted (9)
18 Is French versifier covering would-be poet?(9)
19 Always point to George entering when furious (5)
21 Decline to unload outside job centre (5)
23 Fruit I can pulp in this gadget (9)
25 Quality cleaner takes car back to Lawrence (9)
26 Not cold, stopped and relaxed (5)
27 Clergyman embraces naughty Susie (not in service!) (7)
28 Wanted to include title deed (7)

**DOWN**

1 Henry and I save swimmer (7)
2 Desert traveller found Dr Day more ugly (9)
3 Model vicar to ring up public (5)
4 Nickname for sober, pointlessly quiet, eccentric (9)
5 Around 50 what singers do is drink! (5)
6 Prostitute returns to look up restaurant (9)
7 Din one is making (5)
8 Right or not, rector follows fabulous bird around! (7)
14 Players one sees in the covers (9)
16 Made some beads in hot weather? (9)
17 Arranger for keyboard is about to stand up (9)
18 Awfully crude edition is abridged (7)
20 Bore said why Eddie wheeled student in (7).
22 The Co-op also uses some stones (5)
23 Bill tended to lose goal when played (5)
24 Is encountered standing inside things (5)

Solution 8,370



JOTTER PAD

# LONDON STOCK EXCHANGE

MARKET REPORT

## FT-SE 100 backtracks after hitting all-time high

By Steve Thompson

The London market's recent upsurge, which has been fuelled largely by hopes of a series of Europe-wide interest rate cuts, shuddered to a halt yesterday as Germany's Bundesbank Council left its key rates unchanged.

The council's refusal to shift policy disappointed bulls in the London market, who had hoped that it might prompt a UK cut.

Matters were made worse by a disappointing opening on Wall Street and a weak performance by US bonds amid stories that the Federal Reserve was about to embark on a significant tightening of monetary policy.

Talk of a ½ percentage point rise in the Federal Funds rate, a story circulating around the big US investment banks in London late yesterday, upset sentiment throughout world markets. London dealers refused to rule out an increase in US rates but said a rise of a ¼ point was more likely.

The interest rate story proved the decisive factor in the UK equity market, where the FT-SE 100 Index continued its recent erratic performance and moved in a 50-point arc before finishing sharply lower, while the less liquid FT-SE Mid 250 Index extended its recent strong performance, ending a busy session at another all-time closing peak, albeit well below the day's high.

Adding to the market's unease yesterday was a sizeable placing of stock in Prudential, one of the UK's top insurance groups, which was viewed by some observers as another signal that the equity market might well be reaching the top of the current upswing. "Big lines of top-quality stock have been hard to buy in recent months, but yesterday there was plenty on offer and it was not clear whether it all got away," said a senior marketmaker.

Smith New Court, regarded as one of the London market's most aggressive trading houses, carried out a bought deal involving a near 2.5 per cent stake in Prudential, although it was unclear whether all the 46m shares involved in the transaction had been placed.

The session began with share prices being chased higher, after Wall Street's overnight rise and news of the big boost to the Japanese economy via £107bn worth of tax cuts. Prices began to falter in midsession, however, when dealers sensed there would be no German rate cuts. Showing a near 19-point rise at an all-time intraday record of 3,539.2, the FT-SE 100 thereafter ran into flurries of selling pressure and dropped as low as 3,490.8 in the afternoon, before stabilising and ending a net 28.8 off at 3,491.5.

Second-line stocks, on the other hand, continued to attract sustained and strong buying interest, said to have been associated with the debut this morning of the new OMLX futures and options contracts on the FT-SE Mid 250 Index. Although finishing below its best level, the Mid 250 still posted a 1.9 gain at a closing high of 4,152.8.

Turnover reached a heavy 1.1bn shares, with non-Footsie stocks accounting for almost 700m shares. Customer business on Wednesday was worth £2.095bn.

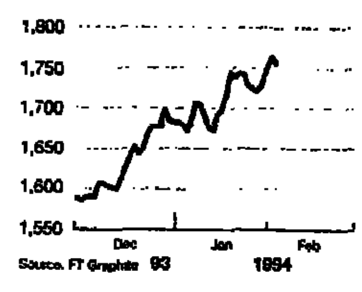
Some dealers said the appearance of large lines of stock seemed to indicate that the market had overreached itself and was due for a sharp correction, but others maintained that a tightening of monetary policy in the US had already been factored into the market.

"Talk that the Americans are repatriating funds has been around for months and has not stopped the market from going up," commented one senior dealer.

| Account Dealing Dates | | | |
|---|---|---|---|
| *First Dealings: | Jan 17 | Jan 31 | Feb 14 |
| Option Declarations: | Jan 27 | Feb 10 | Feb 24 |
| Last Dealings: | Jan 28 | Feb 11 | Feb 25 |
| Account Day: | Feb 7 | Feb 21 | Mar 7 |

*New time dealings may take place from two business days earlier.

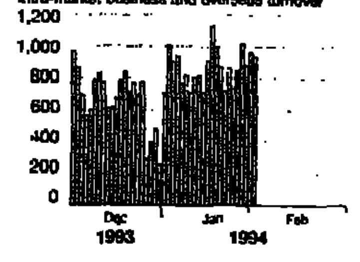
**FT-SE-A All-Share index**




Source: FT Graphite

**Equity Shares Traded**

Turnover by volume (million). Excluding: intra-market business and overseas turnover




### ■ Key indicators

**Indices and ratios**

| | | | | | |
|---|---|---|---|---|---|
| FT-SE 100 | 3491.5 | -28.8 | FT Ordinary index | 2694.0 | -19.6 |
| FT-SE Mid 250 | 4152.8 | +1.9 | FT-SE-A Non Fins p/e | 22.79 | (22.99) |
| FT-SE-A 350 | 1767.3 | -11.0 | FT-SE 100 Fut Mar | 3494.0 | -36.0 |
| FT-SE-A All-Share | 1754.48 | -9.63 | 10 yr Gilt yield | 6.37 | (6.47) |
| FT-SE-A All-Share yield | 3.23 | (3.21) | Long gilt/equity yld ratio: | 2.12 | (2.11) |

**Best performing sectors**

1 Other Financial .......... +1.4
2 Water .......... +0.8
3 Other Services & Bsns .......... +0.7
4 FT-SE SmallCap ex IT .......... +0.5
5 FT-SE SmallCap .......... +0.4

**Worst performing sectors**

1 Extractive Inds .......... -2.0
2 Tobacco .......... -1.9
3 Insurance .......... -1.7
4 Life Assurance .......... -1.7
5 Retailers, Food .......... -1.6

## Pru stake sale hits insurers

The UK's leading insurance company, Prudential, was hit as one of its principal stakeholders sold 46m shares, the equivalent of a near 2.5 per cent holding in the company.

The shares were placed with Smith New Court, one of the UK's most aggressive market-making firms, in the form of a bought deal, a situation where the trading house takes on all the risk – and potential profit.

Dealers said Smith purchased the shares for 350p and placed most of them at 354p, a discount to the underlying share price. They added that the house could have been holding between 5m and 10m shares by the close of official trading.

Smith said: "We consider that we have had a successful placing." It pointed out that the trade was carried out under new Stock Exchange rules which allow publication of big deals to be delayed.

What the market really wanted to know was the identity of the seller. Potential candidates were Schroders' fund management arm, Mercury Asset Management, Baring, Britannic Assurance and Postel, all of which have significant holdings.

Both Mercury Asset Management and Schroders denied any involvement in the deal, leaving Baring as the most likely seller.

Prudential lost 9 at 362p, with the Seaq ticker showing turnover of 44m shares.

Other composite and life assurance issues were weak as institutions sold them in order to take on the Prudential windfall. Legal & General declined 15 to 523p, Commercial Union 17 to 674p, General Accident 24 to 701p and Royal Insurance 8 to 337p.

### News Intl rises

A sparkling set of results from BSkyB, the satellite television arm of Mr Rupert Murdoch's News Corporation offset a hit from the recent Sun and Times price cuts. News International, News Corp's UK arm, rose 21 to 314p.

BSkyB's main UK shareholders, Pearson and Granada, also benefited. Pearson rose 7 to 725p, with S.G. Warburg calculating that the conglomerate's 17 per cent stake was worth 128p a share, against 75p previously. Granada was steady at 579p, but analysts calculated that the benefits of its 13 per cent stake would be diluted by the acquisition of LWT, up a penny at 696p.

Paper and packaging groups Bunzl and David S. Smith were firm after encouraging noises from Credit Lyonnais Laing. The house published a wide-ranging review of the sector, arguing that paper prices are picking up after a long spell in the doldrums.

It has selected the two second-line companies as core holdings, arguing that both have "strong management stories, offer superior earnings and dividend growth prospects and have indicated that they can add value". Bunzl put on 10 at 160p and Smith gained 6 at 508p.

A recommendation for Courtaulds Textiles lay behind a rise of 8 to 583p in the share price. Smith New Court published a hefty buy note on the company, saying that investors were taking an overly gloomy view following the cautious trading statement in December. "From the current base of 4.5 per cent operating margin we believe the group can achieve a level of 7 per cent on the back of volume acting on a heavily rationalised cost base," argues Smith's Mr Mark Puleikis.

Royal Bank of Scotland was up 18 at one stage on rumours that the banking group was about to sell its insurance subsidiary Direct Line to French insurer UAP. Mr Charles Landa, insurance analyst with SGST, said: "UAP have shown an interest but Royal Bank had described Direct Line as a core holding and it doesn't need the money so I would be surprised." The shares closed 5 higher at 515p.

A new pricing scheme from BT intended to build up brand loyalty was announced but could not help the shares escape the muted market tone and a bout of profit-taking. They closed 7 down at 470p. But Vodafone lifted 2 to 614p on the back of this week's good subscriber figures.

Water stocks rose on Wednesday's market talk of investments channelled from European privatisation funds. Among these, South West gained 9 to 654p, Welsh 19 to 739p and Yorkshire 9 to 615p.

Insurance group TransAtlantic Holdings announced plans to float off a property investment company, with property assets of £740m concentrated mainly in shopping centres. TransAtlantic shares jumped 33 to 462p.

There was a big seller of Caradon as the shares tumbled 16 to 424p in turnover of 5.3m.

The rumoured deal at Upton and Southern finally came to fruition when the regional stores group announced an agreed £2.44m offer for Reject Shops. The latter's shares became the day's biggest percentage fallers, slumping 50 per cent before closing 21 down at 38p. The Upton offer valued each Reject share at 22.37p. Upton, which also announced a 10-for-1 rights issue to raise £4.5m, added a penny to 6p.

Reverberations of the $10bn Paramount bid battle continued to focus attention on the multi-media market and buoy Thorn EMI, the shares adding 17 at 1145p in turnover of 2.5m.

Comment on Euro Disney's mounting losses saw the stock crumble 35 to 375p. An agency cross in hotel group Stakis pushed turnover to 16m. The shares were steady at 86p.

Allied-Lyons faded from an initial spurt as Kleinwort Benson reiterated its positive stance and recommended a switch out of Scottish & Newcastle. The former closed 3 adrift at 646p, after 654p, while S&N receded 6 to 573p.

British Airways rose 7 to 491p in trade of 6.3m shares after revealing a 9.7 per cent year-on-year increase in January passenger traffic figures.

Metals group Johnson Matthey was making visits around the city and the shares improved 10 to 605p.

GKN fell 14 to 600p, after Smith New Court urged investors to sell the stock.

A feeling that shares in Rolls-Royce had run ahead too far saw the stock ease 6 to 180p, on volume of 8.7m. News that Rolls' US rival Pratt & Whitney had won an order to supply engines for Japan Airlines also hit sentiment.

The prospect of a successful flotation of Ashanti Goldfields of Ghana, in which Lonrho has a 45 per cent stake, continued to excite investors and the shares firmed 2 to 172p.

**MARKET REPORTERS:**
Christopher Price,
Peter John,
Joel Kibazo.

■ Other statistics, Page 22

### NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (441).

BANKS (8) Espirito Santo, HSBC, Do. HK$, Nat. Australia Bank, Royal Bk. of Scotland, Standard Chartered, BREWERIES (1) Vaux, BUILDING & CNSTRN (12) BLDG MATLS & MCHTS (18) CHEMICALS (10) Akzo, Allied Colloids, Cementone, Do. Warrants, Hickson, ICI, Kalon, Perstorp AB B, Yorkshire Chems., Yule Catto, DISTRIBUTORS (17) DIVERSIFIED INDLS (14) ELECTRICITY (10) East Midlands, Eastern, London, Manweb, Northern, Northern Ireland, Norweb, South Wales, Southern, Yorkshire, ELECTRNC & ELECT EQUP (14) ENGINEERING (34) ENG. VEHICLES (8) BBA 6½pc Prf., BBA, BSG, GKN, Laird, Lucas Inds., Do. Wrts, Trinity, Volvo AB 'B', EXTRACTIVE INDS (19) FOOD MANUF (2) Golden Vale, Greencore, HEALTH CARE (4) Amersham, Enviromed, Isotron, UniChem, HOUSEHOLD GOODS (1) Royal Doulton, INSURANCE (2) Nelson Hurst, Syndicate Capital, INVESTMENT TRUSTS (104) INVESTMENT COMPANIES (18) LEISURE & HOTELS (11) LIFE ASSURANCE (3) Britannic, Transatlantic, Do. 8 6pc Pf, MEDIA (15) MERCHANT BANKS (3) Hambros Prf., Kleinwort Benson, Warburg (S.G.), OIL EXPLORATION & PROD (3) Monument, Scott Pickford, Villers, OIL, INTEGRATED (4) Brit Petm, Norsk Hydro, Petrofina, Woodside, OTHER FINANCIAL (17) OTHER SERVS & BUSNS (1) Scapa, PRTNG, PAPER & PACKG (10) Britton, Delyn, Dolphin Pack, Ferguson, MY, Portals, Repola, Smith (D.S.), Tinsley Robor, Walmoughs, PROPERTY (24) RETAILERS, FOOD (2) Shoprite, Watson & Philip, RETAILERS, GENERAL (8) Austin Reed, Brown (N), Carpetright, Christies Int'l, DFS Furniture, Moss Bros, SPIRITS, WINES & CIDERS (1) Highland Dists., SUPPORT SERVS (13) TELECOMMUNICATIONS (3) Securicor Group, Do. 'A' N-V, Security Services, TEXTILES & APPAREL (8) Abbeycrest, Alexandra Workwear, Allied Textile, Forminster, Lamont, Lister, Readicut, Richards, TRANSPORT (8) Associated British Ports, CSX, Irish Continental, Mayne Nickless, Mersey Docks & Harbour, National Express, P & O Defd, Stagecoach, WATER (7) Bristol, Cheam A, Do. B, East Surrey, Severn Trent, Wessex, York, AMERICANS (6) CANADIANS (1)

NEW LOWS (13).

GILTS (8) BANKS (1) Standard Chrtd Pf, INSURANCE (1) USF & G, INVESTMENT TRUSTS (1) Kleinwort 2nd Endw Policy, PHARMACEUTICALS (1) Scotia, RETAILERS, GENERAL (1) Reject Shop.

## EQUITY FUTURES AND OPTIONS TRADING

Heavy selling in the derivatives market saw the futures contract on the FT-SE 100 index record exceptionally high turnover and drag the underlying market down yesterday, *writes Joel Kibazo*.

Dealers had expected the previous day's strong performance to continue after March opened at 3,543 and early demand by locals soon had the contract moving ahead.

However, the release of disappointing German monetary figures brought a turnaround in March after the first hour, and an announcement shortly afterwards that there would be no press meeting following the Bundesbank Council meeting triggered the day's strong selling.

Confirmation that there would be no German interest rate reduction only served to increase the general profit-taking by market participants and was in part responsible for pulling the underlying cash market lower.

The March future traded at a discount to cash for most of the session and finished the day at 3,494, down 36 from its previous close and around 2 points ahead of its fair value premium to cash which now stands at zero. Volume was again heavy, reaching 20,757 lots by the official close.

Turnover in the traded options fell to 41,397 contracts from Wednesday's total of 54,902. Volume in the FT-SE 100 option was steady at 17,935, but the Euro FT-SE option was well down, seeing a mere 1,018 lots dealt. Hanson was the busiest stock option at 2,287 contracts, followed by Lonrho at 2,258.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 3543.0 | 3494.0 | -36.0 | 3543.0 | 3483.0 | 20757 | 63879 |
| Jun | 3526.0 | 3509.0 | -35.5 | 3535.0 | 3526.0 | 90 | 8932 |
| Sep | | 3527.0 | -36.0 | | | 0 | 340 |

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3492) £10 per full index point

| | 3300 C | 3300 P | 3350 C | 3350 P | 3400 C | 3400 P | 3450 C | 3450 P | 3500 C | 3500 P | 3550 C | 3550 P | 3600 C | 3600 P | 3650 C | 3650 P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Feb | 200½ | 2½ | 151½ | 6 | 108 | 11 | 71 | 23½ | 41 | 45 | 21 | 75 | 8½ | 117½ | 3½ | 167½ |
| Mar | 208½ | 16 | 168½ | 23½ | 129 | 36 | 95½ | 52½ | 67½ | 74 | 46 | 103 | 29 | 137½ | 17 | 177 |
| Apr | 221½ | 29 | 184 | 41½ | 147 | 54 | 116½ | 72½ | 87 | 93½ | 65½ | 122 | 46 | 152 | 32 | 189 |
| May | 239½ | 41 | 202½ | 53½ | 166½ | 67½ | 137 | 87 | 108 | 108½ | 87 | 138 | 65½ | 167½ | 51 | 203½ |
| Jun† | 257½ | 53 | | | 186½ | 81½ | | | 128 | 120½ | | | 83 | 177 | | |

Calls 6,690 Puts 11,260

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

| | 3275 C | 3275 P | 3325 C | 3325 P | 3375 C | 3375 P | 3425 C | 3425 P | 3475 C | 3475 P | 3525 C | 3525 P | 3575 C | 3575 P | 3625 C | 3625 P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Feb | 223½ | 1½ | 176½ | 4 | 131 | 9 | 88½ | 16½ | 54 | 33 | 30 | 58½ | 14 | 91½ | 5½ | 133½ |
| Mar | 230 | 12 | 187 | 18½ | 147 | 28 | 111 | 42 | 80½ | 61 | 5½ | 86 | 36 | 116 | 22½ | 152 |
| Apr | | | 201 | 32½ | | | 138½ | 61 | | | 78 | 105½ | | | 40 | 168 |
| Jun | | | 241½ | 60½ | | | 175½ | 93 | | | 121 | 136 | | | 79½ | 192½ |
| Sept† | | | 277½ | 82 | | | 214½ | 115½ | | | 169½ | 158 | | | 117 | 211 |

Calls 444 Puts 600 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

## TRADING VOLUME

■ Major Stocks yesterday

| | Vol. 000s | Closing price | Day's change |
|---|---|---|---|
| ASDA Group† | 16,000 | 82 | -1½ |
| Abbey National† | 3,500 | 502 | -8 |
| Albert Fisher | 1,900 | 88 | |
| Allied-Lyons† | 2,600 | 646 | -3 |
| Anglian Water† | 1,300 | 583 | +4 |
| Argos | 485 | 382 | -8 |
| Argyll Group† | 4,600 | 283 | -5 |
| Arjo Wiggins† | 1,200 | 260 | -3 |
| Assoc. Brit. Foods | [illegible] | [illegible] | [illegible] |
| Assoc. Brit. Ports | [illegible] | [illegible] | [illegible] |
| BAA† | [illegible] | [illegible] | [illegible] |
| BAT Inds.† | [illegible] | [illegible] | [illegible] |
| BET | [illegible] | [illegible] | [illegible] |
| BICC | [illegible] | [illegible] | [illegible] |
| BOC† | [illegible] | [illegible] | [illegible] |
| BP† | [illegible] | [illegible] | [illegible] |
| BPB Inds. | [illegible] | [illegible] | [illegible] |
| BT† | [illegible] | [illegible] | [illegible] |
| BT (P/Paid) | [illegible] | [illegible] | [illegible] |
| BTR† | [illegible] | [illegible] | [illegible] |
| Bank of Scotland† | [illegible] | [illegible] | [illegible] |
| Barclays† | [illegible] | [illegible] | [illegible] |
| Bass† | [illegible] | [illegible] | [illegible] |
| Blue Circle† | [illegible] | [illegible] | [illegible] |
| Booker | [illegible] | [illegible] | [illegible] |
| Boots† | [illegible] | [illegible] | [illegible] |
| Bowater† | [illegible] | [illegible] | [illegible] |
| Brit. Aerospace† | [illegible] | [illegible] | [illegible] |
| British Airways† | [illegible] | [illegible] | [illegible] |
| British Gas† | [illegible] | [illegible] | [illegible] |
| British Land | [illegible] | [illegible] | [illegible] |
| British Steel† | [illegible] | [illegible] | [illegible] |
| Bunzl | [illegible] | [illegible] | [illegible] |
| Burmah Castrol† | [illegible] | [illegible] | [illegible] |
| Burton | [illegible] | [illegible] | [illegible] |
| Cable & Wire† | [illegible] | [illegible] | [illegible] |
| Cadbury Schweppes† | [illegible] | [illegible] | [illegible] |
| Calor Group | [illegible] | [illegible] | [illegible] |
| Caradon† | [illegible] | [illegible] | [illegible] |
| Carlton Comms.† | [illegible] | [illegible] | [illegible] |
| Coats Viyella† | [illegible] | [illegible] | [illegible] |
| Comm. Union† | [illegible] | [illegible] | [illegible] |
| Cookson | [illegible] | [illegible] | [illegible] |
| Courtaulds† | [illegible] | [illegible] | [illegible] |
| Dalgety | [illegible] | [illegible] | [illegible] |
| De La Rue | [illegible] | [illegible] | [illegible] |
| Dixons | [illegible] | [illegible] | [illegible] |
| Eastern Elect. | [illegible] | [illegible] | [illegible] |
| East Midland Elec. | [illegible] | [illegible] | [illegible] |
| Eng China Clays | [illegible] | [illegible] | [illegible] |
| Enterprise Oil† | [illegible] | [illegible] | [illegible] |
| Eurotunnel Units | [illegible] | [illegible] | [illegible] |
| FKI | [illegible] | [illegible] | [illegible] |
| Fisons | [illegible] | [illegible] | [illegible] |
| Foreign & Col. I.T. | [illegible] | [illegible] | [illegible] |
| Forte† | [illegible] | [illegible] | [illegible] |
| Gen. Accident† | [illegible] | [illegible] | [illegible] |
| General Elect.† | [illegible] | [illegible] | [illegible] |
| Glaxo† | [illegible] | [illegible] | [illegible] |
| Glynwed | [illegible] | [illegible] | [illegible] |
| Granada† | [illegible] | [illegible] | [illegible] |
| Grand Met.† | [illegible] | [illegible] | [illegible] |
| GUS† | [illegible] | [illegible] | [illegible] |
| GRE† | [illegible] | [illegible] | [illegible] |
| GKN | [illegible] | [illegible] | [illegible] |
| Guinness† | [illegible] | [illegible] | [illegible] |
| HSBC (75p shares) | [illegible] | [illegible] | [illegible] |

## FT - SE Actuaries Share Indices — The UK Series

| | Feb 3 | Day's chge% | Feb 2 | Feb 1 | Jan 31 | Year ago | Div. yield% | Earn. yield% | P/E ratio | Xd adj. ytd | Total Return |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 3491.5 | -0.8 | 3520.3 | 3481.5 | 3491.8 | 2866.9 | 3.37 | 5.03 | 24.66 | 2.59 | 1279.87 |
| FT-SE Mid 250 | 4152.8 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FT-SE Mid 250 ex Inv Trusts | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FT-SE-A 350 | 1767.3 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FT-SE SmallCap | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FT-SE SmallCap ex Inv Trusts | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FT-SE-A ALL-SHARE | 1754.48 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

# LONDON EQUITIES

## LIFFE EQUITY OPTIONS

| Option | | Calls Apr | Calls Jul | Calls Oct | Puts Apr | Puts Jul | Puts Oct |
|---|---|---|---|---|---|---|---|
| Allied-Lyons | 600 | 60½ | 68½ | 76½ | 7½ | 21½ | 27 |
| (*645) | 650 | 27½ | 38 | 49 | 26½ | 45 | 50½ |
| Argyll | 260 | 18½ | 28 | 30½ | 13 | 22 | 25½ |
| (*263) | 280 | 11 | 16½ | 23 | 25 | 34 | 37½ |
| ASDA | 60 | 7 | 10½ | 12 | 4½ | 6 | 8 |

| Option | | Calls Feb | Calls May | Calls Aug | Puts Feb | Puts May | Puts Aug |
|---|---|---|---|---|---|---|---|
| Hanson | 280 | 17 | 21½ | 25½ | 2 | 7½ | 11½ |
| (*295) | 300 | 4½ | 10½ | 16 | 9 | 16½ | 21½ |
| Lasmo | 130 | 11½ | 19 | 24½ | 5½ | 13 | 17½ |
| (*135) | 140 | 5½ | 14 | 19½ | 10½ | 18 | 23½ |
| Lucas Inds | 220 | 18 | 24½ | 30½ | 3 | 9½ | 14 |

[illegible]

## FT GOLD MINES INDEX

[illegible]

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 0 | 73 | 5 |
| Other Fixed Interest | 0 | 4 | 11 |
| Mineral Extraction | 100 | 32 | 75 |
| General Manufactures | 220 | 121 | 343 |
| Consumer Goods | 31 | 60 | 103 |
| Services | 144 | 102 | 276 |
| Utilities | 21 | 21 | 4 |
| Financials | 118 | 79 | 194 |
| Investment Trusts | 129 | 88 | 248 |
| Others | 64 | 22 | 28 |
| Totals | 827 | 602 | 1287 |

Data based on those companies listed on the London Share Service.

## TRADITIONAL OPTIONS

| | | | |
|---|---|---|---|
| First Dealings | Jan. 24 | Last Declarations | April 21 |
| Last Dealings | Feb. 4 | For settlement | May 3 |

Calls: Acatos & Hutch, Aegis, Babcock, Biotrace, Blockleys, Carlisle Grp, Coal Invs, Emess, GWR, Haden MacLellan, Hanson Wts, Hay (N), Mayflower, Microvitec, Nat Hme Ln, News Int, Osprey Comm, Park Fds, Proteus, Quadrant, Renison, Schroder Split Cap, Sleepy Kids, Telemetrix, Tullow Oil, Upton & Sthn. Puts: Acatos & Hutch, Biotrace, Greycoat, Hay (N), Park Fds, Tiphook, Upton & Sthn. Puts & Calls: Sainsbury, Upton & Sthn.

## LONDON RECENT ISSUES: EQUITIES

| Issue price p | Amt paid up | Mkt. cap (£m.) | 1993/94 High | 1993/94 Low | Stock | Close price p | +/- | Net div. | Div. cov | Grs yld | P/E net |
|---|---|---|---|---|---|---|---|---|---|---|---|
| - | F.P. | 92.7 | 75¼ | 66¾ | Baring Emrg Euro | 74¾ | +¼ | - | - | - | - |
| - | F.P. | 10.6 | 49½ | 33¾ | Do Warrants | 42¾ | +¼ | - | - | - | - |
| §90 | F.P. | 5.88 | 127 | 108 | Comp Fin Sol | 125 | | N- | - | - | 19.5 |
| 100 | F.P. | 84.0 | 100 | 98 | Fairbairn Eur Sm | 98½ | | - | - | - | - |
| - | F.P. | 33.9 | 113 | 101½ | Finsbury Under'wrt | 113 | | - | - | - | - |
| 100 | F.P. | 48.6 | 122 | 100 | For & Col Small C | 121½ | | - | - | - | - |
| 60 | P.P. | 18.0 | 60 | 59 | Friends Prov Eth | 60 | | - | - | - | - |
| 120 | P.P. | 38.4 | 128 | 121 | Do. Units | 128 | | - | - | - | - |
| 60 | P.P. | 18.6 | 63 | 61 | Do. Zero Div Pl | 62 | | - | - | - | - |
| - | F.P. | 5.83 | 93 | 83 | Pantheon Wrts | 83 | | - | - | - | - |
| §40 | F.P. | 6.26 | 48 | 39 | Rockwood | 39 | -2 | - | - | - | - |
| §10 | F.P. | 2.23 | 12 | 10¼ | Rossmont | 12 | +½ | - | - | - | - |
| - | F.P. | 0.56 | 14 | 9 | Thornton P.E. Wts. | 14 | | - | - | - | - |
| - | F.P. | 3.12 | 52¼ | 51 | Do. Zero Div. Pl. | 52 | | - | - | - | - |

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

## FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renun. date | 1993/94 High | 1993/94 Low | Stock | Closing price £ | +or- |
|---|---|---|---|---|---|---|---|
| - | F.P. | - | 95 | 90 | Budgens 5pc Cv 2003 | 94½ | |
| 80 | P.P. | - | 88pm | 80pm | Pantheon Cv Ln '95/97 | 88pm | |
| - | F.P. | - | 110¼p | 98¼p | Sun Alliance 7⅜pc Pf | 108¼p | -1¼ |
| - | F.P. | 18/2 | 153½p | 127½p | Trafalgar Hse Cv Rd Pf | 153½p | +4½ |
| - | F.P. | - | 131 | 107 | Witan 6¼pc Bds | 130 | |

## RIGHTS OFFERS

| Issue price p | Amount paid up | Latest Renun. date | 1993/94 High | 1993/94 Low | Stock | Closing price p | +or- |
|---|---|---|---|---|---|---|---|
| 48 | Nil | 17/2 | 20pm | 8pm | Anglo Irish | 19pm | |
| 120 | Nil | 16/3 | 112pm | 103pm | Beralford | 112pm | |
| 88 | Nil | 9/2 | 24pm | 9pm | Crest Nicholson | 24pm | +4 |
| 68 | Nil | 24/2 | 7pm | ¼pm | Halkin | 1½pm | |
| 25 | Nil | 9/2 | 1¼pm | ¼pm | ‡Ramus | 1¼pm | |

pm Price at a premium.

## FINANCIAL TIMES EQUITY INDICES

| | Feb 3 | Feb 2 | Feb 1 | Jan 31 | Jan 28 | Yr ago | *High | *Low |
|---|---|---|---|---|---|---|---|---|
| Ordinary Share | 2694.0 | 2713.6 | 2678.9 | 2677.2 | 2639.8 | 2216.9 | 2713.6 | 2124.7 |
| Ord. div. yield | 3.45 | 3.43 | 3.48 | 3.47 | 3.52 | 4.28 | 4.52 | 3.43 |
| Earn. yld. % full | 3.91 | 3.89 | 3.94 | 3.93 | 3.98 | 5.83 | 6.38 | 3.89 |
| P/E ratio net | 32.29 | 32.48 | 32.05 | 32.13 | 31.70 | 21.87 | 32.48 | 19.40 |
| P/E ratio nil | 29.93 | 30.09 | 29.71 | 29.79 | 29.39 | 20.17 | 30.09 | 18.14 |

*For 1993/94. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

| Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|
| 2726.9 | 2723.0 | 2713.6 | 2710.0 | 2712.0 | 2705.6 | 2699.2 | 2698.0 | 2694.0 | 2727.9 | 2693.7 |

| | Feb 3 | Feb 2 | Feb 1 | Jan 31 | Jan 28 | Yr ago |
|---|---|---|---|---|---|---|
| SEAQ bargains | 45,613 | 43,564 | 43,422 | 45,756 | 45,304 | 41,764 |
| Equity turnover (£m)† | - | 2095.5 | 2165.3 | 1786.4 | 2200.2 | 2141.3 |
| Equity bargains† | - | 48,737 | 49,417 | 50,709 | 50,867 | 47,709 |
| Shares traded (mil)† | - | 936.6 | 962.0 | 878.0 | 1015.4 | 889.3 |

† Excluding intra-market business and overseas turnover.

## LONDON SHARE SERVICE

### BANKS

| | Notes | Price | + or - | 1993/94 high | low | Mkt Cap£m | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| ABN Amro R | | £24½ | — | £25¼ | £18¼ | 6,655 | 4.2 | 13.1 |
| ANZ A$ | | 285¼ | +2¼ | 285¼ | 130 | 3,478 | 3.4 | 20.9 |
| Abbey National | †□ | 502 | -8 | 534 | 345 | 6,581 | 3.0 | 19.4 |
| Allied Irish I£ | ‡†s□ | 292 | -4 | 314 | 179 | 1,884 | 3.6 | 14.9 |
| Anglo Irish I£ | | 68xn | — | *70 | 38 | 185.6 | 0.3 | 12.4 |
| Asahi Y | | 688¼ | -32¼ | 844 | 415 | 16,199 | 0.6 | — |
| Banco Bil Viz Pta | | £15¾ | -⅛ | £17⅞ | £13⅜ | 3,546 | 5.4 | 6.9 |
| Banco Sant Pta | | £32⅛ | — | £35 | £24⅞ | 3,569 | 4.1 | 12.2 |
| Bank Leumi (UK) | | 375 | — | 378 | 325 | 29.6 | 5.7 | — |
| Bk Ireland I£ | ‡xz□ | 309 | -3 | *319 | 177 | 1,428 | 4.1 | 22.8 |
| Bank Scotland | ‡†□ | 227½ | -2½ | 247 | 116½ | 2,046 | 2.6 | 30.9 |
| 9¼pc Pf | | 140¾ | -½ | 141½ | 117¼ | 140.6 | 8.2 | — |
| 9¾pc Pf | | 147¾ | -½ | 149½ | 123¾ | 147.8 | 8.2 | — |
| Barclays | ‡N□ | 624 | -5 | 652 | 362 | 10,127 | 2.5 | — |
| Dai Ichi Kan Y | | £12⅞ | -⅛ | £19⅝ | £9⅞ | 38,173 | 0.4 | 67.6 |
| Deutsche DM | | £316½ | -5½ | £346⅞ | £250½ | 15,084 | 1.9 | — |
| Espirito Santo | | £28⅞ | +⅛ | £28⅞ | £16½ | 280.2 | 3.1 | 6.3 |
| First Nat Fin | N□ | 86xd | +1 | *95 | 45 | 140.7 | 2.1 | ϕ |
| 6.3pc Cv Pf | | 88 | — | *91 | 55 | 5.92 | 8.9 | — |
| 7pc Cv Pf | | 167 | — | 169 | 108 | 79.2 | 5.2 | — |
| Fuji Bank Y | | 1374¾ | -36¼ | 1851 | 876 | 39,804 | 0.4 | — |
| HSBC HK | †□ | 1076 | +18 | 1084 | 474 | 18,367 | 2.3 | 25.7 |
| HSBC (75p Shs) | †□ | 1098 | +16 | 1098 | 480 | 8,889 | 2.4 | 25.3 |
| Lloyds | †□ | 639 | — | 690 | 492 | 8,204 | 3.7 | 18.3 |
| Mitsubishi Y | | £18¼ | +⅛ | £19¾ | £11⅛ | 52,676 | 0.3 | — |
| Mits Tst & Bk Y | | 899 | +23 | 1012½ | 462½ | 11,706 | 0.6 | 14.4 |
| Mitsui Tst & Bk Y | | 716¼ | -39½ | 852 | 374 | 8,587 | 0.7 | 24.4 |
| Nat Aust A$ | | 620¼ | +2¼ | 620¼ | 322 | 8,154 | 3.6 | 15.1 |
| NatWest | †□ | 581 | -10 | 634 | 395 | 9,658 | 3.8 | 35.3 |
| Ottomane FFr | | £32½ | — | £33 | £23¼ | 192.5 | 4.6 | 9.5 |
| Ryl Bk Scotland | ‡N□ | 515xd | +5 | 528 | 207 | 4,099 | 2.7 | 23.3 |

### BREWERIES

### BUILDING & CONSTRUCTION

### BUILDING MATS. & MERCHANTS

### BUILDING MATS. & MERCHANTS - Cont.

### CHEMICALS

### DISTRIBUTORS

### DIVERSIFIED INDUSTRIALS

### ELECTRICITY

### ELECTRONIC & ELECTRICAL EQPT

### ELECTRONIC & ELECTRICAL EQPT - Cont.

### ENGINEERING

### ENGINEERING, VEHICLES

### EXTRACTIVE INDUSTRIES

### FOOD MANUFACTURERS

### GAS DISTRIBUTION

### HEALTH CARE

### HOUSEHOLD GOODS

### INSURANCE

### INVESTMENT TRUSTS

### INVESTMENT TRUSTS - Cont.

## INVESTMENT TRUSTS - Cont.

[illegible]

## INVESTMENT COMPANIES

[illegible]

## LEISURE & HOTELS

[illegible]

## LEISURE & HOTELS - Cont.

[illegible]

## LIFE ASSURANCE

[illegible]

## MEDIA

[illegible]

## MERCHANT BANKS

[illegible]

## OIL EXPLORATION & PRODUCTION

[illegible]

## OIL, INTEGRATED

[illegible]

## OTHER FINANCIAL

[illegible]

## OTHER SERVICES & BUSINESSES

[illegible]

## PHARMACEUTICALS

[illegible]

## PRINTING, PAPER & PACKAGING

[illegible]

## PROPERTY

[illegible]

## PROPERTY - Cont.

[illegible]

## RETAILERS, FOOD

[illegible]

## RETAILERS, GENERAL

[illegible]

## SPIRITS, WINES & CIDERS

[illegible]

## SPIRITS, WINES & CIDERS - Cont.

[illegible]

## SUPPORT SERVICES

[illegible]

## TELECOMMUNICATIONS

[illegible]

## TEXTILES & APPAREL

[illegible]

## TOBACCO

[illegible]

## TRANSPORT

[illegible]

## TRANSPORT - Cont.

[illegible]

## WATER

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

## SOUTH AFRICANS

| | Notes | Price | + or - | 1993/94 high | low | Mkt Cap£m | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| Anglo Am Ind | | £18¼ | ..... | £18¼ | £7½ | 1,118 | 3.7 | 15.8 |
| Barlow | | £4⅝ | -⅛ | £5⅛ | £4 | 908.2 | 7.1 | 8.4 |
| Gold Fields SA R | | £14¾xd | -⅛ | £18 | £7⅛ | 1,441 | 2.7 | 25.1 |
| MK Props. | s | 66 | ..... | 87 | 68 | 3.82 | 9.3 | 39.1 |
| SASOL | ♥ | 302 | +13 | 308 | 215 | 1,718 | 5.1 | - |
| SA Brews | | £13⅞ | +½ | £15½ | £7½ | 7,502 | 2.0 | 22.9 |
| Tiger Oats | | 713 | ..... | 838 | 513 | 1,071 | 2.3 | 15.1 |
| Tongaat-Hulett | † | 518xd | ..... | 548 | 212 | 387.7 | 2.9 | 14.4 |

## GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ‡‡ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ✥ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ф Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on BMR "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

## FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT4614. [If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

## FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, international) for more information on FT Cityline.

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

## AUTHORISED UNIT TRUSTS

## Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

**TSB Unit Trusts (1200)F**
Charlton Pl, Andover, Hants, SP10 1RE 0264 346784

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| TSB American | 6 | 232.42 | 232.42 | 247.25 | +2.26 | – |
| Do Accum | 6 | 258.00 | 258.00 | 272.34 | +2.49 | – |
| TSB Brit Growth | 6 | 104.14 | 104.14 | 110.79 | -0.26 | 1.51 |
| Do Accum | 6 | 123.32 | 123.32 | 131.19 | -0.24 | 1.51 |
| TSB European | 6 | 114.97 | 114.97 | 122.31 | +0.52 | 0.08 |
| Do Accum | 6 | 122.19 | 122.19 | 129.99 | +0.56 | 0.08 |
| [illegible] | | | | | | |

**T.U. Fund Managers Limited (1200)H**
NLA Tower, Addiscombe Road, Croydon 081-686 4355

| | Init Chrge | Canc Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| T.U. British | 5 | 350.6 | 370.5 | 393.9 | +0.7 | 2.37 |
| T.U. European | | 54.11 | 54.11 | 58.51 | +0.02 | 2.00 |

**Templeton Unit Trust Managers Ltd (1200)F**

[illegible]

# INSURANCES

**AXA Equity & Law Life Assce**
Amersham Road, High Wycombe 0494 463463

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| UK Equities Ser 5 | 1017.6 | 1071.1 | | – |
| Higher Income Ser 5 | 1096.3 | 1154.0 | | – |
| [illegible] | | | | |

**Abbey Life Assurance Co Ltd**
80 Holdenhurst Road, Bournemouth 0202 292373

[illegible]

# OTHER UK UNIT TRUSTS

[illegible]

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on ( 071 ) 873 4378 for more details.

### Royal Liver Assurance
Royal Liver Building, Liverpool, L3 1HT. 051-236 1451

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| UK Equity | 84.6 | 89.0 | — | - |
| Global Equity | 82.3 | 86.6 | — | - |
| High Yield | 81.9 | 86.2 | — | - |
| Intl Equity | 90.3 | 95.0 | — | - |
| Fixed Interest | 82.6 | 86.9 | — | - |
| Money | 76.1 | 80.1 | — | - |
| Managed | 85.8 | 90.4 | — | - |
| Pensions | | | | |
| UK Equity | 92.7 | 97.6 | — | - |
| Global Equity | 66.8 | 70.3 | — | - |
| High Yield | 96.2 | 101.3 | — | - |
| Intl Equity | 101.7 | 107.0 | — | - |
| Fixed Interest | 99.50 | 104.7 | — | - |
| Money | 94.1 | 99.1 | — | - |
| Managed | 97.3 | 102.4 | — | - |
| Tax Exempt | | | | |
| Tax Exempt Mgd | 72.9 | 76.7 | — | - |

### S-E-Banken Life Assurance Co Ltd
149-151 High Rd, Chadwell Hth RM6 6PJ 081-597 7566

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed Fund | 162.5 | 171.1 | — | - |
| Pension Mngd Fd | 183.7 | 193.4 | — | - |

### Save & Prosper Group (z)

### Skandia Life Assurance Co Ltd - Contd.

### Standard Life Assurance Company

### Templeton Life Assurance Limited

### Tunbridge Wells Equitable

### Wesleyan Assurance Society

### Windsor Life Assur Co Ltd

### Scottish Amicable

### Scottish Equitable plc

### Scottish Life Investments

### Scottish Mutual Assurance plc

### Scottish Provident Group

### Scottish Widows' Group

### Skandia Life Assurance Co Ltd

### Sun Alliance Group

### Sun Life Unit Assurance Ltd

### Swiss Life (UK) PLC

### Target Life Assurance Co Ltd

### Teachers' Assurance Company Ltd

### Woolwich Life Assurance Co Ltd

### Zurich Life Assurance Co Ltd

## OFFSHORE INSURANCES

### AXA Equity & Law Intl Life Assce Co

### Albany International Assurance Ltd

### Allied Dunbar International Assurance Ltd

### CMI Insurance Co Ltd

### Century Life International Ltd

### Equitable Life (International)

### Eurolife Assurance Group

### Finance International Ltd

### Isle of Man Assurance Ltd

### Lebrow International Group

### Royal Life Intl. Ltd

### Royal Skandia Life Assurance Ltd

### Sun Alliance International Life

### Sun Life International (IOM) Ltd

## MANAGEMENT SERVICES

### Capital Trust Financial Management

### Fairmount Financial Services Ltd

### Johnson Fry Asset Managers

### March Financial Management PLC

### Rotherwick Financial Management Ltd

### J. D. Ward Financial Services Ltd

## OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

### Fidelity Money Funds

### Jupiter Tyndall (Bermuda) Ltd

### Newport Investment Management

### Orion Fund Limited

## CANADA (SIB RECOGNISED)

## GUERNSEY (SIB RECOGNISED)

### Rothschild Asset Management - Contd.

## GUERNSEY (REGULATED)(**)

## IRELAND (SIB RECOGNISED)

### GAM Fund Management Ltd (x)

### M & G (Guernsey) Ltd

### Prudential Fund Managers (Guernsey) Ltd

### Rothschild Asset Management (CI) Ltd

### GT Asset Management Ltd

### GT Asset Management - Contd.

## IRELAND (REGULATED)(**)

## ISLE OF MAN (SIB RECOGNISED)

### CMI Fund Managers - Contd.

## ISLE OF MAN (REGULATED)(**)

## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)(**)

# FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on ( 071 ) 873 4378 for more details.

## EBC Fund Managers (Jersey) Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Income | $14.41 | 14.852 | -0.01 | 1.38 |
| Capital | $22.70 | 23.401 | — | - |

## Fleming Group

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Cash & Stock NAV Jan 31 | £12.15 | | | |
| Deutschland NAV Jan 31 | DM17.05 | | — | — |

## Foreign & Colonial Mngmt (Jersey) Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| US$ Cash | $11.194 | | +0.001 | - |
| Sterling Cash | £13.384 | | +0.002 | - |
| US$ Bonds | $17.140 | | +0.004 | - |
| Multicurrency Bonds | $22.049 | | +0.015 | - |
| Sterling Bonds | £17.741 | | -0.052 | - |
| D Mark Bonds | DM12.907 | | -0.029 | - |
| European Bonds | Ecu14.939 | | -0.049 | - |
| UK Equities | £14.587 | | -0.198 | - |
| US Equities | $18.156 | | -0.032 | - |
| Japanese Equities | Y579.5 | | +6.4 | - |
| Cont'l Euro Equities | DM21.831 | | -0.355 | - |
| UK Negative Equities | £10.169 | | +0.119 | - |
| Japanese Negative Eq | Y793.1 | | -7.8 | - |
| UK Geared Equities | £11.435 | | -0.329 | - |
| US Geared Equities | $11.637 | | -0.038 | - |
| Japanese Geared Eqs | Y1054.9 | | +14.1 | - |
| Cont'l Euro Geared Eqs | DM18.848 | | -0.577 | - |
| Gold | $11.209 | | +0.014 | - |
| Protected Capital Plus A | £11.494 | | -0.003 | - |
| Protected Capital Plus B | £11.375 | | -0.029 | - |

## Greece Fund Ltd

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| NAV Jan 31 | $23.18 | | — | - |

## John Govett Management (Jersey) Ltd

## Comgest SA

58 rue de Londres, 75008 Paris 010 331 4470 7510

## Commercial Union Luxembourg SA (u)

41 Ave de la Gare L-1611 010 352 4023201

## Cresvale Group (u)

11 Rue Aldringen, L-1118 Luxembourg

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

### MANAGED FUNDS NOTES

# CURRENCIES AND MONEY

## MARKETS REPORT

# Doubts over D-Mark

The Bundesbank's decision yesterday to keep its main interest rates unchanged unnerved foreign exchange markets and forced a reassessment of German monetary policy, *writes Philip Gawith.*

Although views had been split about the likelihood of policy being eased, many in the market felt that the Bank's actions may prove counterproductive.

The extent to which the rates decision surprised some was captured by the near record levels of activity in Bund futures and EuroDmark futures.

■ The first hint that the Bundesbank might not ease policy came with the publication of German M3 figures which rose at an annualised 8.1 per cent last December, well above the 7.2 per cent consensus forecast.

While a high M3 number had been well flagged and the Bundesbank had indicated that it would be aberrant, many in the market took yesterday's announcement as a reminder that money supply data would be central to the Bank's decisions. If this view is correct, the market may have to wait until the Bundesbank council's March 17 meeting before policy is changed because fresh money supply data are not expected much before then.

Observers said the Bank would also want to avoid repeating the error of last October when it cut rates in anticipation of good money supply figures which failed to materialise.

Sentiment towards the D-Mark was also depressed by a lack of clarity about the Bank's repo operations. The Bank has said it will be returning to announcing a weekly repo rate following a period at which it was fixed at 6 per cent. If a variable rate is announced, the market will take this a signal that the Bank is prepared to allow rates to slip below 6 per cent, thus easing policy.

A number of analysts said the Bundesbank was resolute in its desire to lead, rather than follow, the market. Mr Nick Parsons, chief economist at CIBC, said the Bundesbank's strategy, however, risked being counterproductive. "It has not noticeably underpinned the DM or the long bund future." He said one could now anticipate enormous speculation every two weeks when the Bank's council meets. If this is the case it will introduce "enormous volatility and instability in the system."

Other commentators said the Bundesbank tardiness in cutting rates had increased the risk that impatient US investors in the bund market would shift their investments into dollars, thus undermining the German currency.

A further possible explanation for the Bank's decision came yesterday from Swiss National Bank president, Mr Markus Lusser. He told a Frankfurt radio station that US representatives had recently urged Bundesbank officials to lower rates. He said he had advised the Bundesbank to resist this advice.

In another revealing observation, Mr Lusser added: "There is no global economic and monetary policy yet. There is not even a European economic and monetary policy. And as long as we have only national institutions, national central banks, that make national monetary policy, then these banks are responsible to their own economies and citizens."

Considering the timing and location of the comments and their strong message of economic sovereignty, analysts said it was likely that Mr Lusser had cleared his remarks with Mr Hans Tietmeyer, the Bundesbank president.

■ The dollar made sharp gains after the close of London trading yesterday on market rumours of a possible tightening of monetary policy by the US Federal Reserve. The speculation was prompted by the Fed's failure to add reserves to the system when this was widely anticipated. Earlier the US currency had eased only slightly after the Bundesbank said it was leaving official interest rates unchanged and after news of a steep rise in U.S. weekly jobless claims.

Although President Clinton has said there is no need to tighten policy, he appears to be at odds with Mr Alan Greenspan, chairman of the Federal Reserve. US observers believe his congressional testimony earlier this week was aimed at priming Congress for higher rates. Late yesterday the dollar was trading at Y108.40 and close to the DM1.7450 level, more than a pfennig up on DM1.7314 where it closed in London.

■ The yen receded from the spotlight yesterday after details emerged of prime minister Mr Morihiro Hosokawa's planned fiscal stimulus package. Uncertainty about the final shape of the package, and ongoing trade talks with the US, have left the market nervous. The yen closed in London at Y108.045 to the dollar, marginally weaker than its Wednesday close.

■ Yesterday was a quiet day for sterling with no important releases and market attention focused on the D-Mark. Dealers said it continued the recent pattern of tracking the dollar closely. It closed marginally higher in London at DM2.5937. It also rose slightly against the dollar to finish at $1.498.

The Bank of England provided the UK money market with about £300m sterling of late unspecified assistance. Earlier the Bank had provided £610m of assistance after revising its liquidity shortage to £1.05bn, up from an earlier estimate of £900m.

**D-Mark**

Against the $ (DM per $)


Source: FT Graphite

■ **Pound in New York**

| Feb 3 | Latest | Prev. close |
|---|---|---|
| £ spot | 1.4920 | 1.4955 |
| 1 mth | 1.4895 | 1.4929 |
| 3 mth | 1.4845 | 1.4878 |
| 1 yr | 1.4724 | 1.4747 |

## POUND SPOT FORWARD AGAINST THE POUND

| Feb 3 | | Closing mid-point | Change on day | Bid/offer spread | Day's Mid high | Day's Mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | Bank of Eng. Index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 18.2292 | +0.0081 | 193 - 390 | 18.2850 | 18.1767 | 18.233 | -0.3 | 18.2424 | -0.3 | - | - | 113.0 |
| Belgium | (BFr) | 53.6210 | +0.0304 | 686 - 733 | 53.8153 | 53.5405 | 53.676 | -1.2 | 53.786 | -1.2 | 54 046 | -0.8 | 113 5 |
| Denmark | (DKr) | 10.0752 | +0.0062 | 692 - 812 | 10.1043 | 10.0527 | 10.0857 | -1.3 | 10.0932 | -1.0 | 10.1162 | -0.4 | 114.3 |
| Finland | (FM) | 8.2594 | -0.0152 | 491 - 696 | 8.3103 | 8.2491 | - | - | - | - | - | - | 82.1 |
| France | (FFr) | 8.8038 | +0.0012 | 986 - 089 | 8.8426 | 8.7848 | 8.8113 | -1.0 | 8.8249 | -1.0 | 8.8399 | -0.4 | 107.7 |
| Germany | (DM) | 2.5937 | +0.0009 | 922 - 951 | 2.6037 | 2.5890 | 2.5951 | -0.6 | 2.5971 | -0.5 | 2.5961 | -0.1 | 121.8 |
| Greece | (Dr) | 373 452 | +0.599 | 177 - 726 | 374.365 | 373.177 | - | - | - | - | - | - | - |
| Ireland | (I£) | 1.0387 | -0.0032 | 369 - 405 | 1.0434 | 1.0369 | 1.0391 | -0.5 | 1.0403 | -0.6 | 1.044 | -0.5 | 104.0 |
| Italy | (L) | 2522.83 | -4.67 | 029 - 497 | 2534.55 | 2520.29 | 2528.53 | -2.8 | 2541.53 | -3.0 | 2585 88 | -2.5 | 76.2 |
| Luxembourg | (LFr) | 53.6210 | +0.0304 | 686 - 733 | 53.8153 | 53.5405 | 53.676 | -1.2 | 53.786 | -1.2 | 54.046 | -0.8 | 113.5 |
| Netherlands | (Fl) | 2.9064 | +0 0014 | 047 - 081 | 2.9170 | 2.9004 | 2.9064 | 0.0 | 2.9056 | 0.1 | 2.8955 | 0.4 | 117.6 |
| Norway | (NKr) | 11.1492 | +0.0022 | 439 - 544 | 11.1953 | 11 1264 | 11.1457 | 0.4 | 11.1397 | 0.3 | 11.1473 | 0.0 | 84.5 |
| Portugal | (Es) | 261.251 | +0.224 | 014 - 488 | 262.469 | 260.414 | 262.526 | -5.9 | 264.676 | -5.2 | - | - | - |
| Spain | (Pta) | 210.634 | +0.287 | 489 - 779 | 212.138 | 209.792 | 211.219 | -3.3 | 212.419 | -3.4 | 216.384 | -2.7 | 85.0 |
| Sweden | (SKr) | 11.7831 | -0.0569 | 735 - 926 | 11.8672 | 11.7635 | 11.8066 | -2.4 | 11.8376 | -1.9 | 11.9551 | -1.5 | 77.7 |
| Switzerland | (SFr) | 2.1661 | -0.0069 | 646 - 676 | 2.1834 | 2.1646 | 2.1642 | 1.1 | 2.1591 | 1.3 | 2.1353 | 1.4 | 118.5 |
| UK | (£) | - | - | - | - | - | - | - | - | - | - | - | 81.9 |
| Ecu | - | 1.3352 | - | 341 - 362 | 1.3388 | 1.3324 | 1.3364 | -1.1 | 1.3384 | -1.0 | 1.3414 | -0.5 | - |
| SDR | - | 0 925826 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 1.4950 | +0 0024 | 944 - 955 | 1.4976 | 1.4901 | - | - | - | - | - | - | - |
| Brazil | (Cr) | 726.991 | +15.012 | 737 - 245 | 728.000 | 711.000 | - | - | - | - | - | - | - |
| Canada | (C$) | 1.9875 | +0.0025 | 864 - 885 | 1.9919 | 1.9811 | 1.9848 | 1.6 | 1.9793 | 1.7 | 1.9639 | 1.2 | 91.2 |
| Mexico | (New Peso) | 4.6513 | +0.0093 | 482 - 543 | 4.6553 | 4.6344 | - | - | - | - | - | - | - |
| USA | ($) | 1.4980 | +0.003 | 975 - 985 | 1.5005 | 1.4928 | 1.4954 | 2.1 | 1.4904 | 2.0 | 1.4777 | 1.4 | 66.7 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 2.0944 | +0.0018 | 929 - 958 | 2.0976 | 2.0864 | 2.0929 | 0.9 | 2.0905 | 0.7 | 2.0886 | 0.3 | - |
| Hong Kong | (HK$) | 11.5696 | +0.0224 | 652 - 744 | 11.5881 | 11.5323 | 11.5481 | 2.3 | 11.5138 | 1.9 | 11.4137 | 1.3 | - |
| India | (Rs) | 46.9885 | +0.0903 | 691 - 079 | 47.0630 | 46.8370 | - | - | - | - | - | - | - |
| Japan | (Y) | 161.852 | +0.317 | 745 - 958 | 162.310 | 161.500 | 161.457 | 2.9 | 160.572 | 3.2 | 156.937 | 3.0 | 181.6 |
| Malaysia | (M$) | 4.1472 | +0.0045 | 451 - 493 | 4.1519 | 4.1343 | - | - | - | - | - | - | - |
| New Zealand | (NZ$) | 2.6219 | +0.0085 | 194 - 243 | 2.6243 | 2.6117 | 2.6248 | -1.3 | 2.6291 | -1.1 | 2.6377 | -0.6 | - |
| Philippines | (Peso) | 41.4198 | +0.0829 | 064 - 332 | 41.8867 | 41.0240 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 5.6179 | +0.0127 | 158 - 200 | 5.6270 | 5.5984 | - | - | - | - | - | - | - |
| Singapore | (S$) | 2.3766 | +0.0037 | 750 - 781 | 2.3790 | 2.3645 | - | - | - | - | - | - | - |
| S Africa (Com.) | (R) | 5.1194 | +0.0136 | 165 - 222 | 5.1265 | 5.1002 | - | - | - | - | - | - | - |
| S Africa (Fin.) | (R) | 6.6324 | +0.0432 | 227 - 421 | 6.6421 | 6.5600 | - | - | - | - | - | - | - |
| South Korea | (Won) | 1209.71 | +2.27 | 923 - 019 | 1211.65 | 1205.59 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 39.5397 | +0.0343 | 190 - 604 | 39.6000 | 39.4100 | - | - | - | - | - | - | - |
| Thailand | (Bt) | 38.0642 | +0.0986 | 215 - 069 | 38.1130 | 37.9470 | - | - | - | - | - | - | - |

†SDR rate for Feb.2. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

| Feb 3 | | Closing mid-point | Change on day | Bid/offer spread | Day's mid high | Day's mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | J.P Morgan index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 12.1690 | -0.019 | 665 - 715 | 12.2350 | 12.1595 | 12.194 | -2 5 | 12.234 | -2.1 | 12.334 | -1.4 | 102.5 |
| Belgium | (BFr) | 35.7950 | -0.0515 | 720 - 180 | 35.9450 | 35.7500 | 35.895 | -3.4 | 36 09 | -3.3 | 36.585 | -2.2 | 103.1 |
| Denmark | (DKr) | 6.7258 | -0.0093 | 240 - 275 | 6 7582 | 6.7210 | 6.7443 | -3.3 | 6.7763 | -3.0 | 6.8456 | -1.8 | 103 3 |
| Finland | (FM) | 5.5136 | -0.0212 | 086 - 186 | 5.5595 | 5.5086 | 5.5201 | -1.4 | 5.5316 | -1.3 | 5.5721 | -1.1 | 77.3 |
| France | (FFr) | 5.8770 | -0.011 | 755 - 785 | 5.9082 | 5.8715 | 5.8922 | -3.1 | 5.9215 | -3.0 | 5.9837 | -1 8 | 104.1 |
| Germany | (D) | 1.7314 | -0.0029 | 310 - 318 | 1.7406 | 1.7294 | 1.7353 | -2 7 | 1.7426 | -2.6 | 1.7573 | -1.5 | 103.5 |
| Greece | (Dr) | 249.300 | -0.1 | 200 - 400 | 250.250 | 249.200 | 252.65 | -16.1 | 259.8 | -16.8 | 290.3 | -16.4 | 71.4 |
| Ireland | (I£) | 1.4422 | +0.0073 | 402 - 442 | 1.4442 | 1.4329 | 1.439 | 2.7 | 1.4325 | 2.7 | 1.4149 | 1.9 | - |
| Italy | (L) | 1684.00 | -6.5 | 300 - 500 | 1694.00 | 1683.00 | 1690.9 | -4.9 | 1705.4 | -5.1 | 1750.5 | -3.9 | 76.7 |
| Luxembourg | (LFr) | 35.7950 | -0.0515 | 720 - 180 | 35.9450 | 35.7500 | 35.895 | -3.4 | 36.09 | -3.3 | 36.585 | -2.2 | 103.1 |
| Netherlands | (Fl) | 1.9402 | -0.0029 | 397 - 407 | 1.9505 | 1.9382 | 1.9435 | -2.1 | 1.9496 | -1.9 | 1.9599 | -1.0 | 103 1 |
| Norway | (NKr) | 7.4427 | -0.0135 | 417 - 437 | 7.4860 | 7.4370 | 7.4532 | -1.7 | 7.4744 | -1.7 | 7.5327 | -1.2 | 94.6 |
| Portugal | (Es) | 174.400 | -0.2 | 300 - 500 | 175.600 | 174.300 | 175.39 | -6.8 | 177.4 | -6.9 | 184.9 | -6.0 | 94.2 |
| Spain | (Pta) | 140.610 | -0 09 | 560 - 660 | 141.850 | 140.560 | 144.1 | -29.8 | 142.535 | -5.5 | 146.48 | -4.2 | 80.7 |
| Sweden | (SKr) | 7.8659 | -0.0538 | 621 - 696 | 7.9257 | 7.8455 | 7.8934 | -4.2 | 7.9449 | -4.0 | 8.0984 | -3.0 | 83.0 |
| Switzerland | (SFr) | 1.4460 | -0.0075 | 455 - 465 | 1.4605 | 1.4455 | 1.4472 | -1.0 | 1.4488 | -0.8 | 1.447 | -0.1 | 104.4 |
| UK | (£) | 1.4980 | +0.003 | 975 - 985 | 1.5005 | 1.4928 | 1.4954 | 2.1 | 1.4904 | 2.0 | 1.4777 | 1.4 | 91.2 |
| Ecu | - | 1.1220 | +0.0022 | 215 - 225 | 1.1230 | 1.1170 | 1.1191 | 3.2 | 1.1136 | 3.0 | 1.1015 | 1 8 | - |
| SDR | - | 1.38616 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 0.9980 | -0.0004 | 979 - 980 | 0.9980 | 0.9979 | - | - | - | - | - | - | - |
| Brazil | (Cr) | 485.308 | +9.068 | 300 - 315 | 485.315 | 485.300 | - | - | - | - | - | - | - |
| Canada | (C$) | 1.3268 | -0.001 | 265 - 270 | 1.3285 | 1.3250 | 1.3273 | -0.5 | 1.3281 | -0.4 | 1.3293 | -0.2 | 87.3 |
| Mexico | (New Peso) | 3.1050 | - | 040 - 060 | 3.1060 | 3.1040 | 3.1066 | -0.6 | 3.1094 | -0.6 | 3.12 | -0.5 | - |
| USA | ($) | - | - | - | - | - | - | - | - | - | - | - | 101.6 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 1.3981 | -0.0016 | 976 - 986 | 1.4006 | 1.3961 | 1.3991 | -0.9 | 1.402 | -1.1 | 1.4095 | -0.8 | 89.0 |
| Hong Kong | (HK$) | 7.7235 | -0.0005 | 230 - 240 | 7.7249 | 7.7230 | 7.725 | -0 2 | 7.7275 | -0.2 | 7.7385 | -0.2 | - |
| India | (Rs) | 31.3675 | -0.0025 | 650 - 700 | 31.3700 | 31.3675 | 31.4325 | -2.5 | 31.5675 | -2.6 | - | - | - |
| Japan | (Y) | 108.0450 | -0.005 | 100 - 800 | 108.450 | 107.900 | 107.97 | 0.8 | 107.74 | 1.1 | 106.225 | 1.7 | 142.8 |
| Malaysia | (M$) | 2.7685 | -0.0025 | 680 - 690 | 2.7705 | 2.7675 | 2.762 | 2.8 | 2.761 | 1.1 | 2.7835 | -0.5 | - |
| New Zealand | (NZ$) | 1.7503 | +0.0022 | 492 - 513 | 1.7522 | 1.7473 | 1.7519 | -1.1 | 1.7564 | -1.4 | 1.7706 | -1.2 | - |
| Philippines | (Peso) | 27.6500 | - | 500 - 500 | 27.9000 | 27.4500 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 3.7503 | +0.001 | 501 - 504 | 3.7504 | 3.7501 | 3.7527 | -0.8 | 3.7571 | -0.7 | 3.7758 | -0.7 | - |
| Singapore | (S$) | 1.5865 | -0.0007 | 860 - 870 | 1.5872 | 1.5835 | 1.5854 | 0.9 | 1.5832 | 0.8 | 1.5955 | -0.6 | - |
| S Africa (Com.) | (R) | 3.4175 | +0.0022 | 167 - 182 | 3.4205 | 3.4180 | 3.4345 | -6.0 | 3.4635 | -5.4 | 3.571 | -4.5 | - |
| S Africa (Fin.) | (R) | 4.4275 | +0.02 | 225 - 325 | 4.4325 | 4.3850 | 4.4585 | -8.4 | 4.5175 | -8.1 | - | - | - |
| South Korea | (Won) | 807.550 | -0.1 | 500 - 600 | 807.700 | 807.500 | 810.55 | -4.5 | 814.05 | -3.2 | 832.55 | -3.1 | - |
| Taiwan | (T$) | 26.3950 | -0.03 | 900 - 000 | 26.4200 | 26.4000 | 26.4975 | -4.7 | 26.645 | -3.8 | - | - | - |
| Thailand | (Bt) | 25.4100 | +0.015 | 900 - 300 | 25.4300 | 25.3900 | 25.48 | -3.3 | 25.62 | -3.3 | 25.76 | -1.4 | - |

†SDR rate for Feb.2. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. Morgan Guaranty Changes shown for Feb 1. Base average 1990=100

## CROSS RATES AND DERIVATIVES

### EXCHANGE CROSS RATES

| Feb.3 | | BFr | DKr | FFr | DM | I£ | L | Fl | NKr | Es | Pta | SKr | SFr | £ | C$ | $ | Y | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | (BFr) | 100 | 18.80 | 16.42 | 4.838 | 1.938 | 4705 | 5.420 | 20.79 | 487.3 | 392.8 | 21.97 | 4.039 | 1.865 | 3.708 | 2.794 | 301.9 | 2.490 |
| Denmark | (DKr) | 53.20 | 10 | 8.734 | 2.573 | 1.031 | 2503 | 2.883 | 11.06 | 259.2 | 208.9 | 11.69 | 2.149 | 0.992 | 1.972 | 1.486 | 160.6 | 1.324 |
| France | (FFr) | 60.91 | 11.45 | 10 | 2.946 | 1.180 | 2866 | 3.301 | 12.66 | 296.8 | 239.2 | 13.38 | 2.460 | 1.136 | 2.258 | 1.701 | 183.9 | 1.516 |
| Germany | (DM) | 20.67 | 3.886 | 3.394 | 1 | 0.401 | 972.6 | 1.120 | 4.298 | 100.7 | 81.19 | 4.541 | 0.835 | 0.386 | 0.766 | 0.577 | 62.41 | 0.515 |
| Ireland | (I£) | 51.61 | 9.702 | 8.474 | 2.497 | 1 | 2428 | 2.797 | 10.73 | 251.5 | 202.7 | 11.34 | 2.085 | 0.962 | 1.913 | 1.442 | 155.8 | 1.285 |
| Italy | (L) | 2.125 | 0.400 | 0.349 | 0.103 | 0.041 | 100. | 0.115 | 0.442 | 10.36 | 8.347 | 0.467 | 0.086 | 0.040 | 0.079 | 0.059 | 6.417 | 0.053 |
| Netherlands | (Fl) | 18.45 | 3.469 | 3.030 | 0.893 | 0.358 | 868.2 | 1 | 3.837 | 89.92 | 72.47 | 4.054 | 0.745 | 0.344 | 0.684 | 0.515 | 55.71 | 0.459 |
| Norway | (NKr) | 48.09 | 9.040 | 7.896 | 2.326 | 0.932 | 2263 | 2.606 | 10 | 234.3 | 188.9 | 10.57 | 1.943 | 0.897 | 1.783 | 1.343 | 145.2 | 1.197 |
| Portugal | (Es) | 20.52 | 3.858 | 3.369 | 0.993 | 0.398 | 965.6 | 1.112 | 4.267 | 100. | 80.60 | 4.508 | 0.829 | 0.383 | 0.761 | 0.573 | 61.96 | 0.511 |
| Spain | (Pta) | 25.46 | 4.786 | 4.180 | 1.232 | 0.493 | 1198 | 1.380 | 5.294 | 124.1 | 100. | 5.594 | 1.028 | 0.475 | 0.944 | 0.711 | 76.88 | 0.634 |
| Sweden | (SKr) | 45.52 | 8.557 | 7.474 | 2.202 | 0.882 | 2142 | 2.467 | 9.465 | 221.8 | 178.8 | 10 | 1.839 | 0.849 | 1.688 | 1.272 | 137.4 | 1.133 |
| Switzerland | (SFr) | 24.76 | 4.654 | 4.065 | 1.198 | 0.480 | 1165 | 1.342 | 5.148 | 120.6 | 97.23 | 5.439 | 1 | 0.462 | 0.918 | 0.692 | 74.75 | 0.616 |
| UK | (£) | 53.62 | 10.08 | 8.804 | 2.594 | 1.039 | 2523 | 2.906 | 11.15 | 261.3 | 210.6 | 11.78 | 2.166 | 1 | 1.988 | 1.498 | 161.9 | 1.335 |
| Canada | (C$) | 26.97 | 5.070 | 4.429 | 1.305 | 0.523 | 1269 | 1.462 | 5.609 | 131.4 | 105.9 | 5.926 | 1.090 | 0.503 | 1 | 0.754 | 81.44 | 0.672 |
| US | ($) | 35.80 | 6.729 | 5.877 | 1.732 | 0.694 | 1684 | 1.940 | 7.443 | 174.4 | 140.6 | 7.864 | 1.446 | 0.668 | 1.327 | 1 | 108.1 | 0.891 |
| Japan | (Y) | 331.2 | 62.26 | 54.38 | 16.02 | 6.418 | 15584 | 17.95 | 68.87 | 1614 | 1301 | 72.76 | 13.38 | 6.177 | 12.28 | 9.253 | 1000. | 8.246 |
| Ecu | | 40.17 | 7.551 | 6.595 | 1.943 | 0.778 | 1890 | 2.177 | 8.352 | 195.7 | 157.8 | 8.824 | 1.622 | 0.749 | 1.489 | 1.122 | 121.3 | 1 |

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

### EMS EUROPEAN CURRENCY UNIT RATES

| Feb 3 | Ecu cen. rates | Rate against Ecu | Change on day | % +/- from cen. rate | % spread v weakest | Div. ind. |
|---|---|---|---|---|---|---|
| Ireland | 0.808628 | 0.778259 | -0.001875 | -3.76 | 6.45 | 25 |
| Netherlands | 2.19672 | 2.17837 | +0 00213 | -0.84 | 3.32 | - |
| Germany | 1.94964 | 1.94388 | +0.00161 | -0.30 | 2.76 | - |
| Belgium | 40.2123 | 40.1406 | -0.0154 | -0.18 | 2.64 | 1 |
| France | 6.53883 | 6.59823 | +0.00099 | 0.91 | 1.53 | -8 |
| Portugal | 192.854 | 195.731 | +0.214 | 1.49 | 0.95 | -10 |
| Denmark | 7.43679 | 7.54907 | +0.0052 | 1.51 | 0.93 | -10 |
| Spain | 154.250 | 158.033 | +0.213 | 2.45 | 0.00 | -17 |
| NON ERM MEMBERS | | | | | | |
| Greece | 264.513 | 279.722 | +0.354 | 5.75 | -3.12 | - |
| Italy | 1793.19 | 1891.97 | -4.36 | 5.51 | -2.90 | - |
| UK | 0.786749 | 0.748140 | -0.001541 | -4.91 | 7.74 | - |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 0.5753 | 0.5756 | +0.0001 | 0.5761 | 0.5738 | 26,864 | 135,133 |
| Jun | 0.5728 | 0.5725 | +0.0004 | 0.5728 | 0.5714 | 198 | 8,746 |
| Sep | - | 0.5700 | - | - | - | 5 | 319 |

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 0.9271 | 0.9270 | -0.0013 | 0.9272 | 0.9230 | 20,274 | 77,704 |
| Jun | 0.9294 | 0.9298 | -0.0024 | 0.9306 | 0.9279 | 182 | 6,743 |
| Sep | 0.9325 | 0.9325 | -0.0026 | 0.9325 | 0.9325 | 1 | 669 |

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

| Strike Price | Calls Feb | Calls Mar | Calls Apr | Puts Feb | Puts Mar | Puts Apr |
|---|---|---|---|---|---|---|
| 1.400 | 9.44 | 9.19 | 9.10 | - | 0.03 | 0.14 |
| 1.425 | 6.99 | 6.82 | 6.92 | - | 0.07 | 0.40 |
| 1.450 | 4.60 | 4.56 | 4.91 | 0.10 | 0.23 | 0.86 |
| 1.475 | 2.19 | 2.62 | 3.23 | 0.90 | 0.83 | 1.67 |
| 1.500 | 0.55 | 1.27 | 1.99 | 2.76 | 1.92 | 2.82 |
| 1.525 | 0.03 | 0.48 | 1.12 | 5.20 | 3.58 | 4.43 |

Previous day's vol., Calls 4,130 Puts 4,257 . Prev. day's open int., Calls 477,754 Puts 482,488

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 0.6883 | 0.6886 | -0.0002 | 0.6894 | 0.6855 | 16,964 | 41,690 |
| Jun | 0.6885 | 0.6879 | - | 0.6885 | 0.6880 | 45 | 685 |
| Sep | - | - | - | - | - | - | - |

■ **STERLING FUTURES** (IMM) £62,500 per £

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 1.4920 | 1.4954 | +0.0026 | 1.4964 | 1.4902 | 13,040 | 51,436 |
| Jun | 1.4870 | 1.4900 | +0.0030 | 1.4900 | 1.4870 | 32 | 1,445 |
| Sep | 1.4820 | 1.4840 | +0.0012 | 1.4840 | 1.4815 | 1 | 12 |
| Dec | - | 1.4800 | - | - | - | 2 | 12 |

## WORLD INTEREST RATES

### MONEY RATES

| February 3 | Over night | One month | Three mths | Six mths | One year | Lomb. inter. | Dis. rate | Repo rate |
|---|---|---|---|---|---|---|---|---|
| Belgium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Germany | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Ireland | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Netherlands | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switzerland | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| US | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| ■ $ LIBOR FT London Interbank Fixing | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| US Dollar CDs | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| SDR Linked Ds | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| week ago | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

### EURO CURRENCY INTEREST RATES

| Feb 3 | Short term | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Belgian Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Danish Krone | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D-Mark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dutch Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| French Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portuguese Esc. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spanish Peseta | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swiss Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| US Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italian Lira | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Asian $Sing | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate; ■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%; ■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%; ■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%; ■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%; ■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%; ■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%; ■ US TREASURY BILL FUTURES (IMM) $1m per 100%; ■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%; ■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%; ■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%; ■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100% — [illegible]

### UK INTEREST RATES

#### LONDON MONEY RATES

| Feb 3 | Over-night | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Interbank Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sterling CDs | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Treasury Bills | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Bank Bills | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Local authority deps. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Discount market deps. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

UK clearing bank base lending rate 5½ per cent from November 23, 1993

Certs of Tax dep. (£100,000) — [illegible]

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 5.5 | Duncan Lawrie | 5.5 | ● Roxburghe Bank Ltd is no longer authorised as a banking institution. | 6 |
| Allied Trust Bank | 5.5 | Exeter Bank Limited | 6.5 | Royal Bk of Scotland | 5.5 |
| AIB Bank | 5.5 | Financial & Gen Bank | 6 | ●Smith & Williamson Secs | 5.5 |
| ●Henry Ansbacher | 5.5 | ●Robert Fleming & Co | 5.5 | Standard Chartered | 5.5 |
| Bank of Baroda | 5.5 | Girobank | 5.5 | TSB | 5.5 |
| Banco Bilbao Vizcaya | 5.5 | ●Guinness Mahon | 5.5 | ●United Bk of Kuwait | 5.5 |
| Bank of Cyprus | 5.5 | Habib Bank AG Zurich | 5.5 | Unity Trust Bank Plc | 5.5 |
| Bank of Ireland | 5.5 | ●Hambros Bank | 5.5 | Western Trust | 5.5 |
| Bank of India | 5.5 | Heritable & Gen Inv Bk | 5.5 | Whiteaway Laidlaw | 5.5 |
| Bank of Scotland | 5.5 | ●Hill Samuel | 5.5 | Wimbledon & Sth West | 6.5 |
| Barclays Bank | 5.5 | C. Hoare & Co | 5.5 | Yorkshire Bank | 5.5 |
| Brit Bk of Mid East | 5.5 | Hongkong & Shanghai | 5.5 | | |
| ●Brown Shipley | 5.5 | Julian Hodge Bank | 5.5 | ● Members of British Merchant Banking & Securities Houses Association | |
| CL Bank Nederland | 5.5 | ●Leopold Joseph & Sons | 5.5 | * In administration | |
| Citibank NA | 5.5 | Lloyds Bank | 5.5 | | |
| City Merchants Bank | 5.5 | Meghraj Bank Ltd | 5.5 | | |
| Clydesdale Bank | 5.5 | Midland Bank | 5.5 | | |
| The Co-operative Bank | 5.5 | * Mount Banking | 5.5 | | |
| Coutts & Co | 5.5 | NatWestminster | 5.5 | | |
| Credit Lyonnais | 5.5 | ●Rea Brothers | 5.5 | | |
| Cyprus Popular Bank | 5.5 | | | | |

# MONEY MARKET FUNDS

## Money Market Trust Funds

[illegible]

## Money Market Bank Accounts

[illegible]

# WORLD STOCK MARKETS

## EUROPE

AUSTRIA (Feb 3 / Sch)

BELGIUM/LUXEMBOURG (Feb 3 / Frs.)

DENMARK (Feb 3 / Kr)

FINLAND (Feb 3 / Mka)

FRANCE (Feb 3 / Frs.)

GERMANY (Feb 3 / Dm.)

NETHERLANDS (Feb 3 / Fls.)

NORWAY (Feb 3 / Kroner)

SPAIN (Feb 3 / Pts.)

SWEDEN (Feb 3 / Kronor)

SWITZERLAND (Feb 3 / Frs.)

ITALY (Feb 3 / Lire)

## PACIFIC

JAPAN (Feb 3 / Yen)

AUSTRALIA (Feb 3 / Aus$)

HONG KONG (Feb 3 / H.K.$)

MALAYSIA (Feb 3 / MYR)

SINGAPORE (Feb 3 / S$)

## NORTH AMERICA

CANADA

TORONTO (Feb 3 / Can $) 4 pm close

MONTREAL (Feb 3 / Can $) 4 pm close

## AFRICA

SOUTH AFRICA (Feb 3 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are 1993-94, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, 3rd February 1994

| | Stocks Traded | Closing Prices | Change on day | | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|---|---|---|---|
| Nissan Motor | 14.3m | 855 | +14 | The Daiei Inc | 7.0m | 1,680 | +50 |
| Nippon Steel | 8.7m | 346 | -4 | Hitach Zosen | 7.0m | 579 | -10 |
| Mitsubishi Heavy | 7.9m | 704 | -5 | Japan Metal & Chem | 6.1m | 643 | -7 |
| Fujitsu Ltd | 7.6m | 1,020 | -20 | Itochu Corp | 6.0m | 679 | +9 |
| NEC Corp | 7.2m | 1,040 | -20 | Nomura Secs | 5.7m | 2,320 | -10 |

## INDICES

| | Feb 3 | Feb 2 | Feb 1 | 1993/4 High | | 1993/4 Low | |
|---|---|---|---|---|---|---|---|
| **Argentina** | | | | | | | |
| General (29/12/77) | (u) | 23445.7 | 23311.1 | 23445.70 | 2/2/94 | 12167.88 | 8/3/93 |
| **Australia** | | | | | | | |
| All Ordinaries(1/1/80) | 2340.6 | 2312.1 | 2310.1 | 2340.60 | 3/2/94 | 1495.00 | 13/1/93 |
| All Mining(1/1/80) | 1138.1 | 1109.2 | 1108.5 | 1138.10 | 3/2/94 | 594.70 | 13/1/93 |
| **Austria** | | | | | | | |
| Credit Aktien(30/12/84) | 457.09 | 460.66 | 460.00 | 460.66 | 2/2/94 | 308.26 | 14/1/93 |
| Traded Index(2/1/91) | 1208.97 | 1220.51 | 1222.25 | 1222.25 | 1/2/94 | 712.06 | 15/1/93 |
| **Belgium** | | | | | | | |
| BEL20 (1/1/91) | 1520.39 | 1522.10 | 1528.63 | 1528.44 | 31/1/94 | 1125.46 | 4/1/93 |
| **Brazil** | | | | | | | |
| Bovespa (29/12/83) | (u) | 82306.0 | 82888.0 | 82888.00 | 1/2/94 | 714.72 | 4/1/93 |
| **Canada** | | | | | | | |
| Metals Minls♦(1975) | (u) | 3820.54 | 3824.93 | 3824.93 | 1/2/94 | 2743.31 | 21/1/93 |
| Composite♦ (1975) | (u) | 4573.43 | 4591.30 | 4591.30 | 1/2/94 | 3275.80 | 21/1/93 |
| Portfolio§§ (4/1/83) | (u) | 2169.80 | 2182.69 | 2182.69 | 1/2/94 | 1720.87 | 21/1/93 |
| **Chile** | | | | | | | |
| IPSA Gen (31/12/80) | (u) | 4819.3 | 4686.6 | 4819.30 | 2/2/94 | 2612.58 | 10/5/93 |
| **Denmark** | | | | | | | |
| CopenhagenSE(3/1/83) | 414.24 | 415.79 | 413.07 | 415.79 | 2/2/94 | 261.96 | 4/1/93 |
| **Finland** | | | | | | | |
| HEX General(28/12/90) | 1962.1 | 1939.7 | 1929.5 | 1962.10 | 3/2/94 | 849.18 | 22/1/93 |
| **France** | | | | | | | |
| SBF 250 (31/12/90) | 1568.53 | 1585.20† | 1572.29 | 1585.20 | 2/2/94 | 1114.19 | 28/1/93 |
| CAC 40(31/12/87) | 2321.98 | 2355.93 | 2331.29 | 2355.93 | 2/2/94 | 1772.21 | 29/1/93 |
| **Germany** | | | | | | | |
| FAZ Aktien(31/12/58) | 833.85 | 835.89 | 835.04 | 855.67 | 4/1/94 | 598.92 | 14/1/93 |
| Commerzbank(1/12/53) | 2386.50 | 2393.0 | 2388.6 | 2459.00 | 4/1/94 | 1694.38 | 14/1/93 |
| DAX (30/12/87)‡ | 2151.72 | 2184.01 | 2179.67 | 2267.98 | 3/1/94 | 1516.60 | 13/1/93 |
| **Greece** | | | | | | | |
| Athens SE(31/12/80) | 1103.19 | 1097.17 | 1083.56 | 1194.58 | 18/1/94 | 667.72 | 5/1/93 |
| **Hong Kong** | | | | | | | |
| Hang Seng(31/7/64) | 11651.13 | 11785.83 | 11828.89 | 12201.09 | 4/1/94 | 5437.80 | 4/1/93 |
| **India** | | | | | | | |
| BSE Sens.(1979) | 3982.2 | 4036.6 | 3947.8 | 4069.30 | 27/1/94 | 2100.87 | 23/4/93 |
| **Indonesia** | | | | | | | |
| Jakarta Comp.(10/8/82) | 594.36 | 592.19 | 591.95 | 612.89 | 5/1/94 | 273.31 | 5/1/93 |
| **Ireland** | | | | | | | |
| ISEQ Overall(4/1/88) | 2084.27 | 2066.22 | 2079.17 | 2082.16 | 20/1/94 | 1191.19 | 11/1/93 |
| **Italy** | | | | | | | |
| Banca Comm Ital (1972) | 672.85 | 668.30 | 668.75 | 672.85 | 3/2/94 | 448.33 | 6/1/93 |
| MIB General (4/1/94) | 1075.0 | 1068.0 | 1065.0 | 1075.00 | 3/2/94 | 944.09 | 10/1/94 |
| **Japan** | | | | | | | |
| Nikkei 225 (16/5/49) | 20174.82 | 20250.03 | 20416.34 | 21148.11 | 13/9/93 | 16078.71 | 29/11/93 |
| Nikkei 300 (1/10/82) | 297.85 | 300.17 | 303.97 | 308.84 | 10/11/93 | 249.64 | 29/11/93 |
| Topix (4/1/68) | 1612.73 | 1627.66 | 1643.10 | 1698.67 | 3/9/93 | 1250.06 | 25/1/93 |
| 2nd Section (4/1/68) | 2159.13 | 2166.92 | 2194.20 | 2384.87 | 7/6/93 | 1651.72 | 29/1/93 |
| **Malaysia** | | | | | | | |
| KLSE Comp.(4/4/86) | 1150.21 | 1148.04 | (c) | 1314.46 | 5/1/94 | 614.28 | 13/1/93 |

| | Feb 3 | Feb 2 | Feb 1 | 1993/4 High | | 1993/4 Low | |
|---|---|---|---|---|---|---|---|
| **Mexico** | | | | | | | |
| IPC (Nov 1978) | (u) | 2784.90 | 2787.32 | 2787.32 | 1/2/94 | 1594.15 | 25/2/93 |
| **Netherland** | | | | | | | |
| CBS TtlRtnGen(End 83) | 452.6 | 453.1 | 451.9 | 454.90 | 31/1/94 | 295.70 | 4/1/93 |
| CBS All Shr (End 83) | 293.4 | 293.7† | 292.9 | 294.80 | 31/1/94 | 198.80 | 13/1/93 |
| **New Zealand** | | | | | | | |
| Cap. 40 (1/7/86) | 2439.64 | 2418.86 | 2423.82 | 2439.64 | 3/2/94 | 1486.37 | 21/1/93 |
| **Norway** | | | | | | | |
| Oslo SE(Ind)(2/1/83) | 1197.81 | 1195.27 | 1191.82 | 1197.81 | 3/2/94 | 669.93 | 27/1/93 |
| **Philippines** | | | | | | | |
| Manila Comp (2/1/85) | 2922.99 | 2906.14 | 2835.49 | 3308.37 | 4/1/94 | 1270.88 | 4/1/93 |
| **Portugal** | | | | | | | |
| BTA (1977) | 3085.7 | 3047.8 | 3019.6 | 3085.70 | 3/2/94 | 1608.29 | 14/1/93 |
| **Singapore** | | | | | | | |
| SES All-S'pore(2/4/75) | 612.70 | 610.64 | 612.90 | 641.81 | 4/1/94 | 384.19 | 13/1/93 |
| **South Africa** | | | | | | | |
| JSE Gold (28/9/78) | 1985.0♥ | 2021.0 | 1957.0 | 2331.00 | 4/1/94 | 775.00 | 5/1/93 |
| JSE Ind. (28/9/78) | 5722.0♥ | 5679.0 | 5559.0 | 5790.00 | 7/1/94 | 4333.00 | 19/4/93 |
| **South Korea** | | | | | | | |
| KoreaCmpEx(4/1/80)** | 955.02 | 974.26 | 980.10 | 974.26 | 2/2/94 | 695.93 | 6/3/93 |
| **Spain** | | | | | | | |
| Madrid SE (30/12/85) | 354.79 | 358.47 | 351.27 | 358.31 | 31/1/94 | 215.80 | 4/1/93 |
| **Sweden** | | | | | | | |
| AffarsvardsGen (1/2/37) | 1591.2 | 1602.8 | 1588.2 | 1603.80 | 31/1/94 | 879.10 | 28/1/93 |
| **Switzerland** | | | | | | | |
| Swiss Bk Ind (31/12/58) | 1405.01 | 1410.58 | 1408.90 | 1423.34 | 31/1/94 | 904.80 | 11/1/93 |
| SBC General (1/4/87) | 1086.61 | 1090.80 | 1083.97 | 1093.28 | 31/1/94 | 678.79 | 11/1/93 |
| **Taiwan** | | | | | | | |
| WeightedPr.(30/6/66)** | 6382.08 | 6259.21 | 6178.91 | 6454.52 | 6/1/94 | 3098.43 | 9/1/93 |
| **Thailand** | | | | | | | |
| Bangkok SET (30/4/75) | 1463.90 | 1453.44 | 1455.59 | 1753.73 | 4/1/94 | 818.84 | 1/6/93 |
| **Turkey** | | | | | | | |
| Istanbul Cmp.(Jan 1986) | 19467.7 | 19453.4 | 20976.8 | 20869.80 | 13/1/94 | 3955.53 | 1/1/93 |
| **WORLD** | | | | | | | |
| MS Capital Int (1/1/70)$ | 637.5* | 640.0 | 641.0 | 641.00 | 1/2/94 | 489.60 | 13/1/93 |
| **CROSS-BORDER** | | | | | | | |
| Eurotrack 100(26/10/90) | 1527.17 | 1540.13 | 1532.83 | 1548.19 | 31/1/94 | 1083.02 | 13/1/93 |
| Euro Top-100 (26/6/90) | 1302.28 | 1311.01 | 1298.47 | 1311.01 | 2/2/94 | 882.78 | 13/1/93 |
| JCapelDgrs (31/12/88) | (u) | 377.49 | 370.67 | 395.18 | 5/1/94 | 188.92 | 4/1/93 |
| Barings Emerg.(7/1/92) | 182.10 | 182.15 | 177.53 | 182.15 | 2/2/94 | 99.81 | 4/2/93 |

** Sat Jan 29: Taiwan Weighted Price (c) ; Korea Comp Ex 946.11. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Feb 3 - 2197.09 -48.97.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

| | Open | Sett.Price | Change | High | Low | Est. vol. | Open Int. |
|---|---|---|---|---|---|---|---|
| Feb | 2370.0 | 2330.0 | -36.0 | 2371.0 | 2324.0 | 26,481 | 28,158 |
| Mar | 2383.5 | 2341.5 | -38.0 | 2383.5 | 2336.5 | 579 | 44,083 |
| Jun | 2381.5 | 2338.0 | -36.5 | 2381.5 | 2343.5 | 60 | 2,465 |

Open interest figures for previous day.

## US INDICES

| Dow Jones | Feb 2 | Feb 1 | Jan 31 | 1993/4 High | 1993/4 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Industrials | 3975.54 | 3964.01 | 3978.36 | 3978.36 (31/1/94) | 3241.95 (20/1/93) | 3978.36 (31/1/94) | 41.22 (2/7/32) |
| Home Bonds | 105.32 | 105.38 | 105.48 | 109.77 (18/10/93) | 103.49 (11/1/93) | 109.77 (18/10/93) | 54.99 (1/10/81) |
| Transport | 1862.29 | 1853.4 | 1850.98 | 1862.29 (2/2/94) | 1453.64 (4/1/93) | 1862.29 (2/2/94) | 12.32 (8/7/32) |
| Utilities | 225.15 | 224.49 | 226.01 | 256.46 (31/8/93) | 217.11 (24/1/94) | 256.46 (31/8/93) | 10.50 (8/4/32) |

DJ Ind. Day's high 3997.78 (3008.06 ) Low 3937.27 (3938.12 ) (Theoretical♦)
Day's high 3978.95 (3981.73 ) Low 3958.97 (3957.25 ) (Actual♦)

| Standard and Poors | Feb 2 | Feb 1 | Jan 31 | 1993/4 High | 1993/4 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Composite ‡ | 482.00 | 479.62 | 481.61 | 482.00 (2/2/94) | 429.05 (8/1/93) | 482.00 (2/2/94) | 4.40 (1/6/32) |
| Industrials | 560.59 | 556.86 | 558.19 | 560.59 (2/2/94) | 496.48 (26/4/93) | 560.59 (2/2/94) | 3.62 (21/6/82) |
| Financial | 46.25 | 46.29 | 46.56 | 48.40 (28/9/93) | 39.89 (8/1/93) | 48.40 (28/9/93) | 8.64 (1/10/74) |
| NYSE Comp. | 257.71 | 256.44 | 257.10 | 257.71 (2/2/94) | 236.21 (8/1/93) | 257.71 (2/2/94) | 4.46 (25/4/42) |
| Amex Mkt Val | 487.89 | 485.93 | 485.88 | 487.89 (2/2/94) | 395.84 (8/1/93) | 487.89 (2/2/94) | 29.31 (9/12/72) |
| NASDAQ Cmp | 799.57 | 797.24 | 800.47 | 800.47 (31/1/94) | 645.87 (26/4/93) | 800.47 (31/1/94) | 54.87 (31/10/72) |

■ RATIOS

| | Jan 28 | Jan 21 | Jan 14 | Year ago |
|---|---|---|---|---|
| Dow Jones Ind. Div. Yield | 2.57 | 2.59 | 2.62 | 3.13 |
| | Feb 2 | Jan 26 | Jan 19 | Year ago |
| S & P Ind. Div. yield | 2.28 | 2.35 | 2.34 | 2.46 |
| S & P Ind. P/E ratio | 28.51 | 27.99 | 28.13 | 27.44 |

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

| | Open | Latest | Change | High | Low | Est. vol. | Open Int. |
|---|---|---|---|---|---|---|---|
| Mar | 482.30 | 481.35 | -0.95 | 482.40 | 481.10 | 42,965 | 187,035 |
| Jun | 482.10 | 482.30 | -1.25 | 482.30 | 482.10 | 379 | 5,521 |
| Sep | 483.30 | 483.30 | -1.50 | 483.30 | 483.30 | 8 | 922 |

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

| Wednesday | Stocks traded | Close price | Change on day |
|---|---|---|---|
| Sears Roe | 6,668,200 | 51⅛ | -2⅛ |
| Unisys Corp | 4,409,100 | 14⅛ | +⅛ |
| RJR Nabisco | 4,253,500 | 14⅛ | +⅛ |
| Emp La Mod | 4,223,400 | 35¾ | — |
| Wal-Mart | 4,170,600 | 27⅛ | +⅜ |
| Telefonos | 3,475,400 | 74 | — |
| Wachovia | 3,404,300 | 33 | -1⅛ |
| K Mart | 3,377,900 | 19⅜ | -⅜ |
| Paramount | 3,120,500 | 78 | -1⅛ |
| Hanson | 2,717,800 | 22⅝ | +⅛ |

■ TRADING ACTIVITY

| ● Volume (million) | Feb 2 | Feb 1 | Jan 31 |
|---|---|---|---|
| New York SE | 328.788 | 314.177 | 307.920 |
| Amex | 23.949 | 24.212 | 23.244 |
| NASDAQ | 334.855 | 338.754 | 329.921 |
| **NYSE** | | | |
| Issues Traded | 2,733 | 2,743 | 2,756 |
| Rises | 1,268 | 939 | 1,405 |
| Falls | 844 | 1,132 | 730 |
| Unchanged | 621 | 672 | 620 |
| New Highs | 161 | 139 | 209 |
| New Lows | 14 | 15 | 15 |

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

*4 pm close February 3*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 1993/94 High | Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 16⅝ | 11½ | AAR | 0.48 | 2.9 | 530 | 422 | 16½ | 16 | 16½ | +⅜ |
| 20⅞ | 12¾ | A L Labs A | 0.18 | 1.1 | 37 | 519 | 16⅝ | 15¾ | 16⅛ | +½ |
| 67¼ | 54⅝ | AMP | 1.68 | 2.7 | 21 | 2237 | 63⅛ | 62 | 62 | -1⅛ |
| 72¾ | 55½ | AMR | | | 34 | 2597 | 72¼ | 71½ | 71⅝ | |
| 5 | 1⅞ | ARX | | | 19 | 356 | 4¾ | 4⅝ | 4¾ | +⅛ |
| 58⅛ | 29⅞ | ASA | 2.00 | 3.9 | 34 | 1457 | 51⅝ | 50⅞ | 51½ | +1¼ |
| 30¾ | 22⅞ | AbbtL | 0.68 | 2.3 | 17 | 9198 | 30 | 29⅝ | 30 | -⅛ |
| 13 | 8¼ | Abitibi Pr | 0.50 | 4.0 | 8 | 23 | 12¾ | 12⅝ | 12⅝ | |
| 15⅝ | 8¼ | Acpincoln | | | 24 | 13 | 13⅛ | 13 | 13⅛ | |
| 36 | 25½ | ACE Ltd | 0.40 | 1.4 | 5 | 591 | 28½ | 28¼ | 28⅜ | -⅛ |
| 12⅝ | 10¼ | ACM Gvt In x | 1.08 | 8.9 | | 245 | 12⅜ | 12¼ | 12¼ | |
| 10⅛ | 9¼ | ACM GvOpp x | 0.80 | 8.1 | | 106 | u10⅛ | 9⅞ | 9⅞ | -⅛ |
| 10⅝ | 8¾ | ACM Gvt Sp x | 0.96 | 9.4 | | 288 | 10⅜ | 10¼ | 10¼ | -⅛ |
| 12¼ | 10½ | ACM Gvt Se x | 1.09 | 9.2 | | 355 | 11⅞ | 11⅝ | 11⅞ | +¼ |
| 12¼ | 9⅝ | ACM Man x | 1.08 | 9.4 | | 291 | 11⅝ | 11½ | 11½ | -⅛ |
| 9⅜ | 8⅝ | ACM Managd x | 0.72 | 8.0 | | 241 | 9⅛ | 9 | 9 | -⅛ |
| 12⅜ | 7¾ | AcmeClv | 0.44 | 4.3 | 12 | 14 | 10⅜ | 10¼ | 10¼ | |
| 11⅜ | 6⅜ | Acme Elect | | | 38 | 292 | 8⅜ | 7⅝ | 8⅜ | +⅝ |
| 27⅝ | 18⅜ | Acordia | 0.44 | 1.9 | 13 | 54 | 23¼ | 23 | 23¼ | |
| 9¼ | 8⅝ | Actava | 0.36 | 4.2 | 17 | 147 | 8½ | 8⅜ | 8½ | |
| 16 | 10½ | Acuson | | | 55 | 140 | 12⅛ | 11⅞ | 12⅛ | +⅛ |
| 21¾ | 17⅝ | Adams Expr | 0.39 | 2.1 | 0 | 23 | 18⅜ | 18¼ | 18⅜ | |
| 66¼ | 45½ | Ad Micro | 3.00 | 5.9 | | 97 | 51 | 50¾ | 51 | |
| 32¾ | 16¼ | AdvMic | 3.00 | 14.4 | 9 | 5632 | 20⅞ | 20½ | 20⅞ | +¼ |
| 8⅛ | 5½ | Advest Grp | 0.16 | 2.3 | 10 | 160 | 6⅞ | 6¾ | 6⅞ | |
| 24¾ | 14¼ | Advo Inc | 0.08 | 0.4 | 128 | 336 | 19⅛ | 18⅝ | 19 | |
| 58½ | 41⅞ | Aegon ADR | 1.23 | 2.2 | 12 | 62 | 55⅜ | 54¾ | 54⅞ | -⅝ |
| 66¼ | 43⅜ | AetnaL | 2.76 | 4.5 | 26 | 1530 | 63 | 61¾ | 62 | -1¼ |
| 34 | 24¾ | Aflac | 0.40 | 1.4 | 13 | 2836 | 29¼ | 28½ | 29 | |
| 22⅛ | 16¾ | Ahmnsn | 0.88 | 4.7 | 6 | 2872 | 18¾ | 18½ | 18⅝ | -⅛ |
| 7¾ | 1⅞ | Aileen Inc | | | 1 | 159 | 1¾ | 1⅝ | 1⅝ | -⅛ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |



Continued on next page

4 pm close February 3

# NYSE COMPOSITE PRICES

| 1993/94 High | Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| Continued from previous page | | | | | | | | | | |
| 29¾ | 18⅞ | Salgrd Sc | | | 13 | 236 | u29½ | 29⅛ | 29⅜ | +⅛ |
| 24¾ | 13⅛ | SftyKl | 0.36 | 2.1 | 26 | 492 | 17⅛ | 17 | 17 | -⅛ |
| 22¾ | 10⅞ | Safeway | | | 25 | 756 | 20½ | 20¼ | 20½ | +⅛ |
| 5¼ | 2 | SafewayW96 | | | | 8 | 4⅝ | 4½ | 4½ | -⅛ |
| 55½ | 37½ | StJoePaper | 0.20 | 0.4 | 269 | 102 | 55 | 54⅛ | 55 | +¼ |
| 37⅞ | 28 | StJosLSP | 1.80 | 6.1 | 12 | 10 | 29⅞ | 29½ | 29¾ | |
| 98 | 75 | StPaul | 3.00 | 3.5 | 8 | 884 | 87¼ | 86⅛ | 86⅛ | -1½ |
| 11⅜ | 6⅛ | Salant Crp | | | 9 | 478 | 7⅞ | 7½ | 7⅞ | +¼ |
| 75¼ | 39⅞ | Sallie Mae | 1.40 | 2.9 | 9 | 1196 | 48⅝ | 47½ | 47¾ | -⅞ |
| 14⅜ | 12⅝ | Salomon Br | 0.55 | 4.0 | | 484 | 13⅞ | 13¾ | 13⅞ | |
| 51⅞ | 34 | Salomon | 0.64 | 1.3 | 6 | 2014 | 49⅛ | 48½ | 49 | +⅛ |
| 27¾ | 23 | SnDgGE | 1.48 | 6.3 | 12 | 408 | 23⅞ | 23⅛ | 23⅝ | +⅛ |
| 11⅞ | 8⅜ | SantaFeERs | 0.16 | 1.7 | 316 | 2004 | 9⅝ | 9⅜ | 9½ | |
| 40¾ | 35¾ | SantaFePac | 2.80 | 7.1 | 18 | 36 | 39⅞ | 39½ | 39½ | -¼ |
| 26¼ | 12¾ | SanFeP | 0.10 | 0.4 | 13 | 2744 | 25⅜ | 24⅞ | 25 | -⅜ |
| 31⅛ | 21 | SaraLee | 0.64 | 2.9 | 14 | 17524 | 22 | 21¼ | 21¾ | -⅛ |
| 52¼ | 40⅛ | Scana Corp | 2.74 | 5.6 | 13 | 574 | 49 | 48⅜ | 48⅝ | +⅛ |
| 25¾ | 18¾ | Scecrp | 1.42 | 7.3 | 13 | 4417 | 19½ | 19¼ | 19⅜ | |
| 40½ | 23⅞ | ScherarRP | | | 29 | 493 | 39 | 38⅝ | 39 | +½ |
| 71 | 51¾ | SchrPl | 1.80 | 2.9 | 14 | 4271 | 63¼ | 61¾ | 63⅛ | -⅛ |
| 68⅞ | 54⅝ | Schlmb | 1.20 | 2.0 | 25 | 4216 | 60⅜ | 59⅝ | 60 | -¼ |
| 38⅜ | 16½ | Schwab(C) | 0.28 | 1.0 | 13 | 1864 | 29¼ | 28⅞ | 28⅞ | -⅜ |
| 8¼ | 5⅝ | Schwitzer | | | 117 | 109 | u8⅜ | 8¼ | 8¼ | |
| 38⅞ | 17¾ | SciAtl | 0.12 | 0.4 | 58 | 4047 | 29⅛ | 28⅞ | 29⅛ | +⅝ |
| 15 | 9⅛ | Scotman | 0.10 | 0.7 | 14 | 13 | 14⅝ | 14½ | 14⅝ | +⅛ |
| 46¾ | 31 | ScottP | 0.80 | 1.7 | 11 | 1863 | 46⅛ | 45½ | 45⅞ | -¼ |
| 28⅝ | 14¾ | ScuddrNAsF | 0.27 | 1.0 | | 161 | 26⅞ | 26¼ | 26¼ | -⅝ |
| 12⅛ | 7½ | ScuddrNEuF | 0.16 | 1.4 | | 414 | 12 | 11⅝ | 11¾ | -⅛ |
| 31½ | 16¾ | SeaCoB | 0.70 | 4.1 | 8 | z100 | 17¼ | 17¼ | 17¼ | |
| 17 | 15 | SeaC1.4625 | 1.46 | 9.1 | | 12 | 16 | 16 | 16 | |
| 31 | 24½ | Seagrm | 0.56 | 1.8 | 38 | 4041 | 30⅛ | 30 | 30⅛ | -⅛ |
| 32⅞ | 15 | Seagull En | | | 37 | 2182 | 28⅝ | 27½ | 28½ | +⅝ |

4 pm close February 3

# NASDAQ NATIONAL MARKET

# AMEX COMPOSITE PRICES

4 pm close February 3



هكذا من الاصل

AMERICA

# Weaker bonds trigger sharp decline by Dow

## Wall Street

US share prices fell sharply yesterday morning in reaction to a sell-off in the US Treasury market, *writes Frank McGurty in New York.*

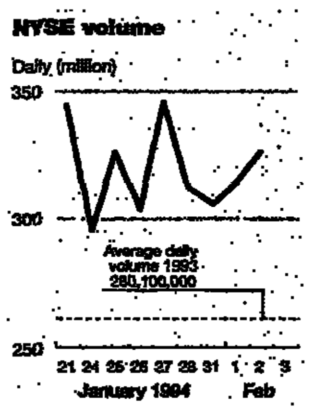
By 1 pm, the Dow Jones Industrial Average was 17.73 lower at 3,957.81, while the more broadly based Standard & Poor's 500 was 2.62 down at 479.38. In the secondary markets, the American SE composite was 1.54 easier at 486.35, and the Nasdaq composite off 3.99 at 796.58.

Volume on the NYSE was heavy, with 188m shares traded by 1 pm. Declines led advances by 1,235 to 753.

After a record-breaking session for most market measures and an 11-point advance by the Dow industrials, stocks were ripe for profit-taking. Bonds provided the trigger, as growing speculation that the Federal Reserve Board would soon tighten its accommodative monetary policy sent a shiver through the US Treasury market. Prices across the yield curve slid, led by the benchmark 30-year security which tumbled ⅔ to 99 during the morning.

The day's economic news was mixed, and somewhat inconclusive. The Labor Department reported a 59,000 jump in weekly claims for unemployment benefit, but the unfavourable trend was largely blamed on the cold weather and disruption caused by the Los Angeles earthquake.

Separately, the Commerce Department said that December factory orders were up 1.2 per cent. The figure was strong, but it fell just below the consensus forecast of 1.4 per cent.




With most investors focusing their attention on today's report on January employment data, US retailers and motor vehicle manufacturers were posting sales figures for last month.

Among the Big Three, Ford was the first to release its results. With car sales showing a solid 3.6 per cent gain over last year, investors lifted the stock $1 to $68⅞. General Motors was $⅝ better at $61⅞ and Chrysler up $⅛ at $61⅝.

In retailing, Woolworth, a Dow component, was marked down $1⅛ to $24⅞ after announcing lower January sales and warning of a downturn in fourth-quarter earnings.

Elsewhere, Wal-Mart edged $⅛ ahead at $27⅞ on a 5 per cent increase in stores opened for at least one year. JC Penney added $⅛ to $54 and Gap Stores $⅝ at $41⅞.

Interest rate-sensitive stocks were put into play. Many banking issues suffered setbacks. Bankers Trust retreated $1⅛ to $83, Chemical $⅞ to $38⅞ and First Interstate $1⅞ to $67.

## Canada

Toronto was dragged lower by profit-taking in brisk midday dealings. The TSE 300 index fell 21.92 to 4,551.51 at noon in volume of 64.9m shares.

The media sector, 134.54 or 1.5 per cent higher at 9,340.94, was enlivened by Rogers Communications's unexpected takeover approach to Maclean Hunter. Rogers shed C$⅞ to C$20⅞ but Maclean Hunter put on C$1⅞ to C$17 in volume of 4m shares.

EUROPE

# Bourses weaken on lack of German cut

The Bundesbank's refusal to cut key interest rates, and the high German December M3 growth rate which preceded it, had a progressively weakening effect on bourses, *writes Our Markets Staff.*

FRANKFURT began by threatening the 2,200 level for the second time this week, the Ibis-indicated Dax index peaking at 2,193.57 in the pre-bourse, but an 8.1 per cent growth in December M3 heralded the Buba interest rate decision and the slide began.

The Dax closed 32.29 lower at 2,151.72 on the session, and just off its low for the day at 2,137.08 in the post bourse. Mr John Blackley of James Capel acknowledged that rate cuts were not expected a week ago but said that, this week, a number of German banks had changed their minds and forecast cuts of a quarter-point.

Turnover was flat at DM9.4bn. Among interest rate-sensitive stocks, utilities reflected the Buba news with RWE down DM15.50 to DM475.50 by the end of the post-bourse, and Veba off DM15 at DM495. Elsewhere, Preussag dropped DM11.50 to DM451.50 although analysts said that its 56 per cent drop in 1992/93 net profits was a case for a buy recommendation.

PARIS reflected disappointment at the lack of a German cut, even although this had largely been discounted by most analysts, while many investors decided that the time was ripe for profit-taking after Wednesday's record high.

The CAC-40 index dropped steadily during the session, closing off 33.94 or 1.4 per cent at 2,321.99.

Turnover was FFr5.2bn. The authorities confirmed yesterday that turnover reached a record level during January, with average daily transactions of some FFr6bn.

Elf Aquitaine fell back FFr4.70 to FFr426.00 following the announcement after hours on Wednesday of the public offer price of FFr385 per share. The offer period lasts until February 10, with the institutional pricing to be set on February 14.

Euro Disney remained under pressure, down FFr2.70 to FFr33.50, with further negative news being reported in the domestic media. The shares have lost some 8 per cent so far this week.

Paribas dipped FFr8 to FFr581 ahead of its 1993 results which, after the close, were within expectations.

**FT-SE Actuaries Share Indices** — THE EUROPEAN SERIES

| Feb 3 Hourly changes | Open | 10.30 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | Close |
|---|---|---|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1540.59 | 1538.61 | 1538.71 | 1536.14 | 1529.50 | 1529.07 | 1527.60 | 1527.17 |
| FT-SE Eurotrack 200 | 1607.87 | 1606.53 | 1605.49 | 1604.84 | 1599.09 | 1597.28 | 1594.27 | 1594.74 |

| | Feb 2 | Feb 1 | Jan 31 | Jan 28 | Jan 27 |
|---|---|---|---|---|---|
| FT-SE Eurotrack 100 | 1540.13 | 1532.83 | 1540.19 | 1510.22 | 1498.58 |
| FT-SE Eurotrack 200 | 1607.10 | 1598.18 | 1604.26 | 1578.86 | 1588.24 |

Base value 1000 (26/10/90); High/day: 100 - 1540.59; 200 - 1608.36 Low/day: 100 - 1526.33 200 - 1592.68

AMSTERDAM saw a 5 per cent fall in Wolters Kluwer, the publishing house, on reports that subscribers to the group's specialised publications felt that prices were too high. There were further reports that some subscribers were calling for a boycott of the publisher's highly profitable legal publications.

Wolters Kluwer's shares dropped Fl 6.20 to Fl 126.20, but off a session low of Fl 122.80. A broker at MeesPierson in Amsterdam remarked that he thought the reports were exaggerated, and considered the sharp decline more the result of institutions using this as an excuse to take profits: the shares had risen some 22 per cent since December before yesterday's fall.

KLM was the day's other main story, as the airline announced plans to issue 20m new shares, and reported a rise in third quarter net profit. The shares lost 80 cents to Fl 48.20, but had been trading at Fl 49.30 during the day.

The AEX index slipped 2.09 or 0.5 per cent to 435.27.

MILAN was hit by profit-taking after its five session rally, and some of the best recent gainers took the biggest tumbles. The Comit index, calculated once a day, put on 4.55 to 672.85 but late weakness was reflected in a fall of 112 in the real-time Mibtel index to 10,693.

Montedison shed L53 or 4.3 per cent to L1,190; its shareholder register showed that no outsider held more than 2 per cent, confounding speculation of stakebuilding.

Against the trend, banking stocks continued to benefit from the success of this week's privatisation of IMI: the public offer sold out in two days and was heavily oversubscribed. Credito Italiano soared L76 or 3.2 per cent to L2,474. BCI, facing privatisation later this month, gained L46 to L5,115.

ZURICH finished lower in line with other markets, the SMI index shed 17.2 to 3,159.9.

Among blue chips going against the trend, Ciba bearers added SFr4 to SFr955 on the view that they were undervalued compared with Sandoz. Swiss Re, seen as having trailed the general market, put on SFr8 to SFr711.

STOCKHOLM marched further into record territory before profit-taking left the Affärsvärlden index 11.6 lower at 1,591.2. Electrolux B added SKr19 to SKr400 in further response to Wednesday's better than expected 1993 results.

ISTANBUL dropped 5 per cent, the composite index ending 975.68 lower at 18,487.74, well off its worst, for a two-day loss of 11.9 per cent.

**Written and edited by William Cochrane, John Pitt and Michael Morgan**

# Threefold support for soaring Helsinki

## Christopher Brown-Humes on interest rates, economic optimism and foreign buying

Finland has begun 1994 as it ended 1993, as western Europe's top performing stock market. Already the Hex index has risen 23 per cent this year, eclipsing the optimists' wildest expectations.

Mr Kim Lindstrom, managing director of UBF Fund Management, admits to being caught out by the strength of the surge. Like many commentators he expected the market to carry on rising this year, but at a much slower rate than in 1993 when the Hex climbed 91 per cent. "At the start of the year, I thought share prices would rise by 25 to 30 per cent this year; now 35 to 40 per cent looks more likely," he says.

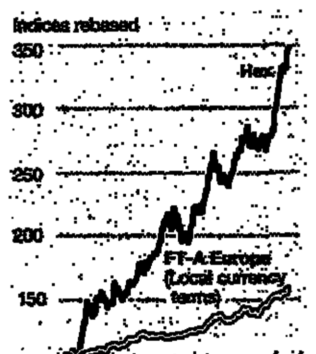
At yesterday's close of 1,962 the Hex is within striking distance of its 1989 all-time high of 2,009. Most analysts regard the scaling of this peak as a mere formality – a matter of weeks, at most.

Three factors continue to drive the market. One is the dramatic slide in interest rates; the Bank of Finland's 5.25 per cent base rate is at its lowest for 40 years. This has led to a significant switching out of bank deposits and, with further cuts in rates expected, there has been an explosive growth in mutual funds, which are thought to be funnelling as much as 80 per cent of their funds into domestic equities. On one estimate, mutual funds now have FM5bn ($900m) under management, against just FM570m at the end of 1992.

The second factor is the marked increase in optimism about Finland's economic outlook. GNP is expected to rise this year for the first time since 1990; the current account should move strongly into surplus; and there are even suggestions that Finland's 20 per cent unemployment rate has reached its peak. A dramatic improvement in corporate profitability is underpinning the optimism.

Finally, there is foreign buying. Foreigners accounted for much of 1993's big surge on the Helsinki bourse, after restrictions on foreign share ownership were relaxed at the start of the year. They remain net investors, thanks to the fundamentals and because a strengthening of the Finnish markka is providing favourable currency exposure.

Signs that the market has entered a new phase are apparent from the way that buying preferences have started to change. In recent days, banking and finance companies, construction issues and real estate investment groups have come to the fore, eclipsing the big export groups which led the way during 1993. Forestry,



Source: Datastream

one of the star sectors of 1993, has underperformed the market this year with a gain of a relatively modest 12 per cent.

As worries about overheating grow, the market advance will inevitably slow and become less sure. The rise will be dampened further by an increase in equity supply. A number of groups are expected to launch new share issues to rebuild recession-weakened balance sheets. There is also a good chance that the government, finally, will launch its privatisation programme. One suggestion is that it will initially seek to sell off chunks in state-controlled companies already listed, such as Enso-Gutzeit, the forestry group; Valmet, in paper machinery; and Outokumpu, in mining.

The relatively small size of the Helsinki stock exchange – total market capitalisation is only around FM160bn – has always made it one of Europe's more volatile markets. With foreigners now accounting for an estimated FM30bn of that total, the dangers of sudden lurches are all the greater, particularly if overseas institutions decide to lock in profits or find more attractive investments elsewhere.

Few anticipate a sudden foreign pull-out as things stand. But there is concern about developments in the country's giant eastern neighbour, Russia, where the political climate has changed following the successful showing of the nationalist Mr Vladimir Zhirinovsky in December's parliamentary elections. So far the stock market has shrugged off the Zhirinovsky factor, but should his pronouncements end up being more than mere talk, Helsinki will be one of the bourses to suffer most.

ASIA PACIFIC

# Nikkei slips amid turmoil as fiscal package delayed

## Tokyo

Investors were inactive as the turmoil within the coalition government over the economic fiscal package, including the tax changes, blocked its scheduled announcement, *writes Emiko Terazono in Tokyo.*

The Nikkei average lost 75.21 at 20,174.82 as caution prevailed, due to the prolonged negotiations within the coalition. The Topix index of all first section stocks slipped 14.93 to 1,612.73.

The 225-issue Nikkei fluctuated between 20,433.04 and 19,935.19. It was higher in the morning, with overseas investors and arbitrageurs encouraged by Wednesday's rise in the Nikkei futures contract in Chicago; but profit-taking by domestic corporations and financial institutions held sway later, even though some investors, looking to increase their exposure, sought bargains at lower levels.

Social Democratic Party opposition to the increase in sales taxes, designed to finance an income tax cut, prevented the announcement of the economic support package. The SDP threatened to pull out of the coalition if Mr Morihiro Hosokawa, the prime minister, pushed forward with the Finance Ministry's plan.

Traders said a compromise was expected, as in earlier political issues such as rice and political reform, and that the effects of the political infighting were limited.

Volume totalled 550m shares, against 669m. A bulk of the activity consisted of cross trading, or selling and buying back of long term holdings to realise profits. Declines led gains by 808 to 257, with 123 issues unchanged. In London the ISE/Nikkei 50 index was 0.39 firmer at 1,333.66.

Profit-taking by corporate investors hurt banks, Industrial Bank of Japan retreating Y110 to Y3,200. Brokers were also lower, with Nomura Securities down Y10 to Y2,320.

Honda Motor continued to lose ground due to the lingering effects of the BMW/Rover deal, dropping Y90 to Y1,530; but Nissan Motor, the most active issue of the day, rose Y14 to Y855 on foreign buying.

High-tech issues were easier on the higher yen. Fujitsu receded Y20 to Y1,020 and NEC Y20 to Y1,040.

In Osaka, the OSE average shed 246.13 to 21,711.81 in volume of 134.1m shares. Ono Pharmaceutical fell Y110 to Y5,190 on profit-taking.

## Roundup

The region remained active yesterday, with foreign buying evident in several markets.

AUSTRALIA rose on overseas buying of major issues and strength in News Corp, up 52 cents at A$10.56, after the group reported a bigger than expected increase in interim profits. The All Ordinaries index climbed 28.5 to a record 2,340.6 in turnover of A$972.5m.

BHP finished 28 cents stronger at A$19.50, but off an intra-day high of A$19.60.

HONG KONG posted moderate net gains after profit-taking brought prices down from their best levels. The Hang Seng index was finally ahead 65.30 at 11,851.13 after reaching 11,947.28.

HSBC Holdings forged ahead HK$4, or 3.3 per cent, to HK$124 as investors were encouraged by the strong results of the group's US and Australian units.

MANILA continued to advance, encouraged by news that GNP grew by 2.3 per cent in 1993, although some profit-taking trimmed the day's best levels as investors remained cautious after this week's bombings and street protests over fuel price increases.

The composite index put on 16.85 at 2,922.99. Manila Electric "B" led gains, adding 15 pesos at 445 pesos, and PLDT firmed 10 pesos to 2,140 pesos.

SINGAPORE was boosted by selective institutional buying, taking the Straits Times Industrial index 22.45 higher to 2,360.53. F&N, which bottles Coca-Cola, rose S$1.10 to S$18.70 on hopes that Vietnamese trading agreements signed last year might go ahead on expectations that the US will lift a trade embargo with that country.

KUALA LUMPUR closed off highs on profit-taking which left the composite index 2.17 ahead at 1,150.21, after a day's peak of 1,158.13. Construction and Supplies House surged M$2.85, or 52 per cent, to M$8.35 in heavy volume after the company announced a M$900m timber deal.

KARACHI was propelled higher by blue chips, which posted gains ahead of the Friday-Saturday weekend. The KSE 100-share index moved forward 36.40 to 2,290.42.

TAIWAN was lifted by financial stocks, which were actively traded in the last half-hour of the session. The weighted index rose 102.87 to 6,362.08 in turnover of T$122.9bn, its highest level in nearly a month.

NEW ZEALAND overcame weakness at the opening to close 20.96 points higher in the NZSE-40 capital index at 2,439.64. Fletcher Challenge and Carter Holt Harvey, in the forestry sector, both gained 8 cents at NZ$3.71 and NZ$4.16.

BOMBAY recovered some of its earlier losses in kerb deals before prices again fell after a special court ordered firms not to accept for transfer shares linked to the Mehtra securities scandal. The BSE 30-share index shed 35.68 to 4,000.96.

SOUTH AFRICA

Johannesburg was mixed as bullion disappointed an otherwise steady market. Golds fell 26 to 1,995, industrials picked up 43 to 5,722 and the overall index was 34 firmer at 4,933. Anglos added R5 at R208 and Remgro R1.75 at R33.50.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock | WEDNESDAY FEBRUARY 2 1994 US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | TUESDAY FEBRUARY 1 1994 US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | DOLLAR INDEX 1993/94 High | 1993/94 Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (69) | 186.46 | 0.0 | 184.91 | 127.35 | 168.12 | 173.59 | -0.0 | 2.98 | 188.54 | 183.51 | 126.93 | 167.49 | 173.59 | 186.54 | 121.05 | 121.05 |
| Austria (17) | 193.81 | -0.8 | 192.20 | 132.37 | 174.75 | 174.43 | -0.4 | 0.91 | 195.41 | 192.23 | 132.96 | 175.45 | 175.10 | 195.41 | 139.23 | 139.50 |
| Belgium (42) | 167.31 | -1.1 | 165.92 | 114.27 | 150.85 | 147.90 | -0.5 | 3.89 | 169.08 | 166.33 | 115.04 | 151.81 | 148.56 | 169.08 | 138.96 | 139.88 |
| Canada (107) | 142.90 | -0.3 | 141.71 | 97.60 | 128.84 | 137.39 | -0.6 | 2.44 | 143.28 | 140.95 | 97.49 | 128.65 | 138.14 | 145.31 | 114.33 | 114.33 |
| Denmark (32) | 275.79 | 0.1 | 273.50 | 188.36 | 248.66 | 252.63 | 0.6 | 0.90 | 275.39 | 270.91 | 187.38 | 247.26 | 251.25 | 275.79 | 195.66 | 204.43 |
| Finland (22) | 154.18 | -0.4 | 152.90 | 105.30 | 139.01 | 179.09 | 0.3 | 0.66 | 154.85 | 152.33 | 105.36 | 139.03 | 178.50 | 154.85 | 65.50 | 67.20 |
| France (99) | 185.37 | 0.5 | 183.83 | 126.61 | 167.14 | 171.21 | 0.9 | 2.72 | 184.37 | 181.37 | 125.45 | 165.54 | 169.65 | 185.37 | 142.90 | 142.90 |
| Germany (59) | 136.16 | -0.2 | 135.05 | 93.01 | 122.79 | 122.79 | 0.2 | 1.72 | 136.42 | 134.20 | 92.82 | 122.48 | 122.48 | 142.38 | 105.56 | 105.56 |
| Hong Kong (56) | 481.90 | -0.2 | 477.90 | 329.14 | 434.51 | 477.88 | -0.1 | 2.23 | 482.67 | 474.82 | 328.41 | 433.37 | 478.58 | 606.56 | 225.77 | 225.77 |
| Ireland (14) | 205.19 | -2.0 | 203.49 | 140.15 | 185.02 | 201.50 | -1.2 | 2.76 | 209.33 | 205.93 | 142.43 | 187.95 | 203.92 | 209.33 | 129.29 | 136.89 |
| Italy (68) | 76.42 | 1.2 | 75.79 | 52.20 | 68.91 | 96.49 | 1.6 | 1.70 | 75.53 | 74.31 | 51.39 | 67.82 | 95.00 | 78.93 | 55.21 | 59.13 |
| Japan (469) | 150.97 | -1.5 | 149.72 | 103.11 | 136.13 | 103.11 | -1.1 | 0.79 | 153.22 | 150.73 | 104.25 | 137.57 | 104.25 | 166.91 | 104.75 | 104.75 |
| Malaysia (69) | 512.71 | 3.7 | 508.46 | 350.18 | 462.29 | 547.17 | 3.7 | 1.33 | 494.33 | 486.29 | 336.35 | 443.84 | 527.46 | 621.63 | 261.34 | 261.34 |
| Mexico (18) | 2577.49 | 0.4 | 2556.08 | 1760.42 | 2323.97 | 8750.19 | 0.4 | 0.58 | 2567.22 | 2525.45 | 1746.75 | 2304.96 | 8715.30 | 2577.49 | 1410.30 | 1567.48 |
| Netherland (26) | 206.99 | -0.2 | 205.28 | 141.38 | 186.64 | 183.57 | 0.2 | 2.89 | 207.43 | 204.06 | 141.14 | 186.25 | 183.16 | 207.43 | 153.15 | 153.15 |
| New Zealand (14) | 76.91 | -0.3 | 76.28 | 52.53 | 69.35 | 71.40 | -0.2 | 3.28 | 77.14 | 75.89 | 52.49 | 69.26 | 71.57 | 77.14 | 41.95 | 41.95 |
| Norway (23) | 203.12 | 0.1 | 201.43 | 138.73 | 183.14 | 205.56 | 0.5 | 1.24 | 202.95 | 199.65 | 138.09 | 182.22 | 204.61 | 203.12 | 138.46 | 140.01 |
| Singapore (45) | 354.94 | -1.0 | 352.00 | 242.43 | 320.04 | 259.61 | -0.8 | 1.59 | 358.54 | 352.71 | 243.95 | 321.92 | 261.80 | 378.92 | 213.57 | 221.50 |
| South Africa (60) | 259.26 | 3.0 | 257.10 | 177.07 | 233.76 | 249.75 | 2.8 | 2.29 | 251.76 | 247.66 | 171.30 | 226.04 | 242.94 | 280.26 | 160.78 | 162.57 |
| Spain (42) | 154.54 | 0.8 | 153.26 | 105.55 | 139.34 | 164.73 | 1.4 | 3.57 | 153.27 | 150.78 | 104.29 | 137.62 | 162.39 | 165.79 | 116.33 | 128.66 |
| Sweden (36) | 228.53 | 0.2 | 226.63 | 156.09 | 206.06 | 267.93 | 0.9 | 1.30 | 227.98 | 224.28 | 155.12 | 204.70 | 265.59 | 229.27 | 149.69 | 152.83 |
| Switzerland (49) | 175.48 | 0.0 | 174.02 | 119.85 | 158.21 | 158.12 | 0.6 | 1.38 | 175.44 | 172.58 | 119.37 | 157.52 | 157.22 | 175.48 | 108.14 | 110.73 |
| United Kingdom (215) | 214.96 | 0.3 | 213.18 | 146.82 | 193.82 | 213.18 | 1.1 | 3.38 | 214.41 | 210.92 | 145.89 | 192.51 | 210.92 | 214.96 | 162.00 | 165.34 |
| USA (518) | 196.04 | 0.5 | 194.41 | 133.89 | 176.75 | 196.04 | 0.5 | 2.67 | 195.09 | 191.92 | 132.74 | 175.16 | 195.09 | 196.04 | 178.29 | 180.99 |
| EUROPE (744) | 178.58 | 0.2 | 177.09 | 121.97 | 161.01 | 172.06 | 0.8 | 2.64 | 178.24 | 175.34 | 121.28 | 160.03 | 170.70 | 178.58 | 134.16 | 134.16 |
| Nordic (113) | 220.07 | 0.1 | 218.24 | 150.31 | 198.42 | 225.89 | 0.7 | 1.10 | 219.83 | 216.25 | 149.57 | 197.37 | 224.32 | 220.07 | 142.13 | 144.29 |
| Pacific Basin (722) | 163.81 | -1.2 | 162.45 | 111.88 | 147.70 | 116.03 | -0.8 | 1.05 | 165.73 | 163.04 | 112.77 | 148.80 | 117.01 | 168.80 | 109.44 | 109.44 |
| Euro-Pacific (1466) | 169.80 | -0.6 | 168.39 | 115.97 | 153.10 | 137.70 | -0.1 | 1.74 | 170.78 | 168.00 | 116.20 | 153.33 | 137.86 | 170.78 | 119.43 | 119.43 |
| North America (625) | 192.73 | 0.5 | 191.13 | 131.63 | 173.77 | 191.98 | 0.4 | 2.66 | 191.87 | 188.74 | 130.55 | 172.27 | 191.15 | 192.73 | 172.67 | 176.88 |
| Europe Ex. UK (529) | 156.73 | 0.1 | 154.44 | 106.37 | 140.42 | 147.81 | 0.6 | 2.16 | 155.51 | 152.98 | 105.81 | 139.62 | 147.01 | 165.73 | 115.10 | 115.10 |
| Pacific Ex. Japan (253) | 286.81 | 0.3 | 284.53 | 195.96 | 258.70 | 263.97 | 0.4 | 2.28 | 285.91 | 281.26 | 194.54 | 256.71 | 262.94 | 298.21 | 155.37 | 155.37 |
| World Ex. US (1651) | 171.65 | -0.5 | 170.23 | 117.24 | 154.77 | 141.02 | -0.1 | 1.75 | 172.51 | 169.70 | 117.37 | 154.88 | 141.15 | 172.51 | 120.63 | 120.63 |
| World Ex. UK (1954) | 175.26 | -0.2 | 173.80 | 119.70 | 158.02 | 153.04 | 0.0 | 1.94 | 175.58 | 172.73 | 119.47 | 157.65 | 153.03 | 175.58 | 137.62 | 137.62 |
| World Ex. So. Af. (2109) | 178.25 | -0.2 | 176.77 | 121.75 | 160.72 | 157.49 | 0.1 | 2.08 | 178.56 | 175.66 | 121.49 | 160.32 | 157.35 | 178.56 | 139.99 | 139.99 |
| World Ex. Japan (1700) | 195.20 | 0.4 | 193.57 | 133.32 | 176.00 | 190.99 | 0.6 | 2.59 | 194.45 | 191.29 | 132.31 | 174.59 | 189.85 | 195.20 | 159.44 | 169.98 |
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